

COUNCIL CHAMBERS 17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

REDEVELOPMENT AGENCY

Dennis Kennedy, Chairperson Greg Sellers, Vice-Chairperson Larry Carr, Agency Member Hedy L. Chang, Agency Member Steve Tate, Agency Member

COUNCIL MEMBERS

Dennis Kennedy, Mayor Greg Sellers, Mayor Pro Tempore Larry Carr, Council Member Hedy Chang, Council Member Steve Tate, Council Member

WEDNESDAY, OCTOBER 27, 2004

AGENDA

JOINT MEETING

REDEVELOPMENT AGENCY REGULAR MEETING

and

CITY COUNCIL SPECIAL MEETING

7:00 P.M.

A Special City Council Meeting Is Called at 7:00 P.M. for the Purpose of Conducting Closed Sessions and City Business.

Dennis Kennedy, Mayor

CALL TO ORDER

(Chairperson/Mayor Kennedy)

ROLL CALL ATTENDANCE

(Agency Secretary/City Clerk Torrez)

DECLARATION OF POSTING OF AGENDA

Per Government Code 54954.2

(Agency Secretary/City Clerk Torrez)

City of Morgan Hill Regular Redevelopment Agency and Special City Council Meeting October 27, 2004 Page - 2 -

7:00 P.M.

SILENT INVOCATION

RECOGNITIONS

Nancy Howe, Morgan Hill Community Librarian Mayor Kennedy

PLEDGE OF ALLEGIANCE

CITY COUNCIL SUBCOMMITTEE REPORTS

OTHER REPORTS

Finance & Audit Committee Quarterly Report City Treasurer Roorda

PUBLIC COMMENT

NOW IS THE TIME FOR COMMENTS FROM THE PUBLIC REGARDING ITEMS NOT ON THIS AGENDA.

(See notice attached to the end of this agenda.)

PUBLIC COMMENTS ON ITEMS APPEARING ON THIS AGENDA WILL BE TAKEN AT THE TIME THE ITEM IS ADDRESSED BY THE COUNCIL. PLEASE COMPLETE A SPEAKER CARD AND PRESENT IT TO THE CITY CLERK.

(See notice attached to the end of this agenda.)

PLEASE SUBMIT WRITTEN CORRESPONDENCE TO THE CITY CLERK/AGENCY SECRETARY. THE CITY CLERK/AGENCY SECRETARY WILL FORWARD CORRESPONDENCE TO THE CITY COUNCIL/REDEVELOPMENT AGENCY.

Redevelopment Agency Action

CONSENT CALENDAR:

ITEM 1

The Consent Calendar may be acted upon with one motion, a second and the vote, by each respective Agency. The Consent Calendar items are of a routine or generally uncontested nature and may be acted upon with one motion. Pursuant to Section 5.1 of the City Council Rules of Conduct, any member of the Council or public may request to have an item pulled from the Consent Calendar to be acted upon individually.

Time Estimate
Consent Calendar: 1 - 10 Minutes

City of Morgan Hill Regular Redevelopment Agency and Special City Council Meeting October 27, 2004 Page - 3 -

City Council Action

CONSENT CALENDAR:

ITEMS 2-11

	Time Estimate Consent Calendar: 1 - 10 Minutes	Page
2.	CONDUCT OF SPECIAL RUNOFF ELECTION IN THE EVENT OF A TIE VOTE(S)	15
	Recommended Action(s): Adopt Resolution, Providing for the Conduct of a Special Runoff Election for Elective Offices in the Event of a Tie Vote at any Municipal Election.	
3.	SEPTEMBER 2004 CITY OF MORGAN HILL FINANCE & INVESTMENT REPORT	18
4.	APPROVAL OF PROFESSIONAL SERVICES AGREEMENT FOR FLOW MONITORING FOR	
	TRUNK SEWER DESIGN	42
	Recommended Action(s): Approve the Proposal from V & A Consultants for a Not-to-Exceed Fee of	
	\$51,500 for Flow Monitoring and Authorize the City Manager to Execute a Professional Services Agreement on Behalf of the City, Subject to Review and Approval of the City Attorney.	
5.	RESOLUTION SUPPORTING GRANT APPLICATION FOR ENVIRONMENTAL	
	ENHANCEMENT AND MITIGATION FUNDS FOR BUTTERFIELD LINEAR PARK	
	EXTENSION	43
	Recommended Action(s): Adopt Resolution Supporting the Grant Application for the Butterfield Linear Park Extension Project for the Environmental and Enhancement Mitigation (EEMP) 2005-2006 Funding	
	Cycle.	
_	AWARD OF GLOWING AND GERMANIC FOR GLAGGER BUZEWAYG PROJECT	4.2
6.	AWARD OF SIGNING AND STRIPING FOR CLASS II BIKEWAYS PROJECT	46
	 Recommended Action(s): 1. Award Contract to Linear Options Inc. for the Construction of the Signing and Striping for Class II Bikeways Project In The Amount Of \$52,230. 	
	2. <u>Authorize</u> Expenditure Of Construction Contingency Funds Not To Exceed \$5,223.	
	 Appropriate S40,000 From The Current Year Un-Appropriated Street Fund (202) Balance To Cover Non-Grant Related Costs Associated With This Project. 	
7.	AWARD JACKSON OAKS BOOSTER STATION REHABILITATION PROJECT	47
	Recommended Action(s):	
	1. <u>Appropriate</u> \$40,000 from the Current Year Unappropriated Water Fund Balance (653) into CIP Project Number 610093;	
	2. <u>Award</u> Contract to Trinet Construction, Inc. for the Construction of the Jackson Oaks Booster Station Rehabilitation Project in the Amount of \$1,026,025; and	
	3. <u>Authorize</u> Expenditure of Construction Contingency Funds not to Exceed \$102,602.	
8.	YMCA FRIENDLY INN LEASE AND SENIOR CENTER OPERATOR CONSULTANT	46
	AGREEMENTS	48

City of Morgan Hill Regular Redevelopment Agency and Special City Council Meeting October 27, 2004 Page - 4 -

	Time Estimate Consent Calendar: 1 - 10 Minutes								
9.		PERMIT, UP: 04-07 DEPOT-DAYWORKER CENTER Action(s): Adopt Exit Plan by Minute Action.	49						
10.	COMMUNITY & CULTURAL CENTER AND PLAYHOUSE PROPOSED CHANGES IN SELECTED RENTAL POLICIES AND RATES Recommended Action(s): Direct Staff to Incorporate the Proposed Changes to Non-Profit Rental Use, Rental Rates, and Policies as Outlined in the Staff Report.								
11.	APPROVE SPE	CIAL CITY COUNCIL MEETING MINUTES OF OCTOBER 13, 2004	54						
City	Council A	Action							
<u>OTHE</u>	ER BUSINESS: Time Estimate		Page						
Rea	15 Minutes	MORGAN HILL LIBRARY ALTERNATE PROJECT DELIVERY MODEL. Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- 1. Receive Report. Action- 2. Authorize City Staff to Wait to Proceed Until Results of State Library Bond Have Been Received. Action- 3. If Council Prefers the Multiple-Prime Approach, Authorize Staff to Prepare a Request for Qualification (RFQ) for Construction Management Services.	65						
<u>OTHE</u>	ER BUSINESS: Time Estimate		Page						
13.	20 Minutes	FUNDING RECOMMENDATION AND DRAFT OF NEW STRATEGIC VISION FOR LIBRARY PROJECT FROM LIBRARY COMMISSION, AND FRIENDS OF THE LIBRARY RESOLUTION. Recommended Action(s): 1. Receive Letter from Library Commission Requesting the following actions: a) Allocate Remaining \$1,289,147 in Available RDA Funds to Construction of a New 28,000 Square Foot Library; b) Place Construction of the New library at the Highest Priority of Construction Projects; c) Direct Staff to Develop a Detailed Construction Plan for the New Library by December 31, 2004; and 2. Receive Presentation from Library Commission on Draft of New Strategic Vision for Library; and 3. Receive Resolution from the Friends of the Morgan Hill Library Recommending that the Library Project Move Forward Immediately.	66						

City of Morgan Hill Regular Redevelopment Agency and Special City Council Meeting October 27, 2004 Page - 5 -

City Council Action

<u>PUBL</u>	IC HEARINGS: Time Estimate		Page
	Time Estimate		1 age
14.	10 Minutes	REQUEST TO APPROVE THE ISSUANCE OF TAX-EXEMPT REVENUE	
		BONDS BY THE INDEPENDENT CITIES LEASE FINANCE AUTHORITY	
		(ICLFA) ON BEHALF OF MILLENIUM HOUSING.	67
		Public Hearing Opened.	
		Please Limit Your Remarks to 3 Minutes. Public Hearing Closed	
		Council Discussion.	
		Action- Adopt Resolution.	

City Council Action

OTHE	<u>CR BUSINESS</u> : (co Time Estimate	, , , , , , , , , , , , , , , , , , ,	Page
			Ü
15.	20 Minutes	DOWNTOWN AREA BUILDING ALLOTMENT	70
		Recommended Action(s): Council Discretion.	
16.	20 Minutes	AQUATICS CENTER OPERATING BUDGET AND SCHEDULE	71
		Recommended Action(s):	
		1. <u>Approve</u> the Proposed Year-Round Operating Schedule for the Aquatics Center;	
		2. Accept the Projected Budget for the Remainder of Fiscal Year 2004-2005; and	
		3. <u>Direct</u> Staff to Return to Council in Three Months with a Progress Report Regarding	
		Operational Budget Recovery.	

Redevelopment Agency Action and City Council Action

CLOSED SESSION:

1.

<u>CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION</u>

Authority: Government Code Sections 54956.9(b) & (c)

Number of Potential Cases: 2

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

RECONVENE

CLOSED SESSION ANNOUNCEMENT

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

ADJOURNMENT



REDEVELOPMENT AGENCY STAFF REPORT

MEETING DATE: October 27, 2004

Agenda Item # 1

Prepared By:

Finance Director

Submitted By:

Executive director

SEPTEMBER 2004 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY: Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of September 2004. The report covers activity for the first three months of the 2004/2005 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

FISCAL IMPACT: As presented.

REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL

Monthly Financial and Investment Reports

September 30, 2004 – 25% Year Complete



Prepared by:

FINANCE DEPARTMENT



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA

FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05 FOR THE MONTH OF SEPTEMBER 2004 - 25% OF YEAR COMPLETE

Revenues

Through September 30, the Redevelopment Agency received \$129,521 in property tax increment revenues. Most property tax increment revenues are received in December and April. The Redevelopment Agency, as of September 30, 2004, has collected \$100,000,000 in tax increment revenue under the original plan and has collected \$78,775,337, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. All tax increment revenues collected during 2004/2005 were collected under the plan amendment.

An amount of \$132,325 in interest earnings and other income was received through September. Additional interest earnings for July, August, and September have not yet been apportioned, but will be apportioned in October following the end of the quarter ending September 30.

Expenditures

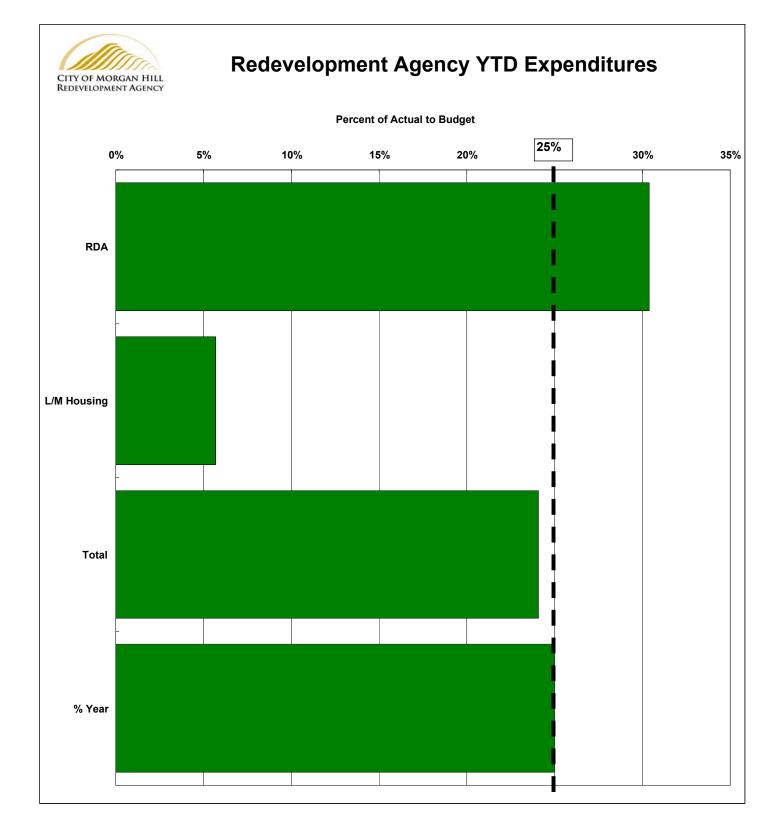
Total Redevelopment Agency Capital Projects expenditures and encumbrances equaled \$5,183,795 and were 24% of budget. Of this total, \$2,904,081 represented encumbrances for capital projects and other commitments. If the encumbrances were excluded, the RDA would have spent only 13% of the budget. Expenditures for administrative costs for employee services, supplies, and contract services were 24% of budget. Through September 2004, CIP project expenditures totaled \$1,546,384.

Expenditures plus encumbrances for Housing were at 6% of the budget for a total of \$332,646. All of the 2004/05 housing related expenditures has been funded with tax increment collected under the plan amendment.

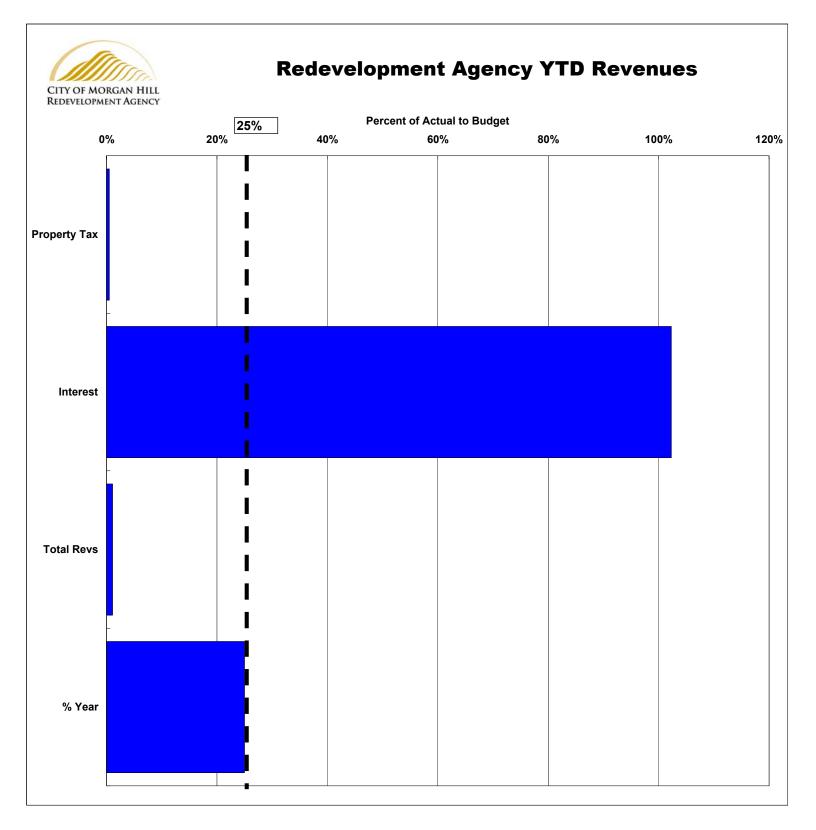
Fund Balance

The unreserved fund balance of negative (\$489,115) for the Capital Projects Fund at September 30, 2004, consisted entirely of monies collected under the plan amendment. The unreserved fund balance included future obligations to pay an additional \$2.7 million for the Courthouse Facility and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If all these future commitments were subtracted from the negative (\$489,115), the remaining unreserved fund balance at September 30 would be a negative (\$4,799,115). However, these commitments are expected to be paid out over the next 2 to 3 years. Staff will bring a short-term borrowing plan to the Board in the near future, if needed, to finance cash flow needs. The Capital Projects Fund cash balance at September 30 was \$2,435,770.

The unreserved fund balance of \$6,694,571 for the Housing Fund at September 30 consisted of funds all collected under the plan amendment.



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$17,055,235	\$5,183,795	30%
HOUSING	5,846,002	332,646	6%
TOTALS	\$22,901,237	\$5,516,441	24%



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$22,017,627	\$106,567	1%	\$129,521	-18%
INTEREST INCOME/RENTS/OTHER	\$129,408	\$132,325	102%	\$35,078	277%
TOTALS	\$22,147,035	\$238,892	1%	\$164,599	45%



Redevelopment Agency Fund Balance Report - Fiscal Year 2003/04 For the Month of September 2004 25% of Year Complete

		Unaudited	Revenues	s	Expenditu	res	Year to-Date	Ending Fu	nd Balance	Cash and In	vestments
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or				
No.	Fund	06-30-04	Actual	Budget	Actual	Budget	Carryover	Reserved ¹	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$6,790,923	203,269	1%	2,279,714	13%	(2,076,445)	5,203,593	(489,115)	2,435,770	
							(, , ,	, ,	, , ,		
327/328	HOUSING	\$27,261,987	35,623	1%	253,884	4%	(218,261)	20,349,544	\$6,694,182	6,759,571	
TOTAL C	APITAL PROJECT FUNDS	<u>\$34,052,910</u>	238,892	<u>1%</u>	2,533,598	<u>11%</u>	(2,294,706)	<u>25,553,137</u>	6,205,067	9,195,341	
SUMMAR	Y BY FUND TYPE										
	CAPITAL PROJECTS GROUP	\$34,052,910	238,892	1%	2,533,598	11%	(2,294,706)	25,553,137	6,205,067	9,195,341	
	TOTAL ALL GROUPS	<u>\$34,052,910</u>	238,892	<u>1%</u>	2,533,598	<u>11%</u>	(2,294,706)	25,553,137	6,205,067	9,195,341	
	TOTAL CASH AND INVESTMENTS									9,195,341	

¹ Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency Year to Date Revenues - Fiscal Year 2004/05 For the Month of September 2004 25% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS	l						
317 CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	17,280,277	17,280,277	85,254		103,617	(18,363)	
Development Agreements Interest Income, Rents Other Agencies/Current Charges	17,031	17,031	6,796 111,219	n/a 40% <u>n/a</u>	2,977 2,631	3,819 108,588	n/a 128% <u>4127%</u>
TOTAL CAPITAL PROJECTS	17,297,308	17,297,308	203,269	<u>1%</u> _	109,225	94,044	<u>86%</u>
327/328 HOUSING							
Property Taxes & Supplemental Roll Interest Income, Rent Other	4,737,350 112,277 100	4,737,350 112,277 100	21,313 14,110 200		25,904 28,939 531	(4,591) (14,829) (331)	
TOTAL HOUSING	4,849,727	4,849,727	35,623	<u>1%</u>	55,374	(19,751)	<u>-36%</u>
TOTAL CAPITAL PROJECTS FUNDS	22,147,035	22,147,035	238,892	1%	164,599	74,293	45%



Redevelopment Agency Year to Date Expenditures - Fiscal Year 2003/04 For the Month of September 2004 25% of Year Complete

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET
317 CAI	PITAL PROJECTS							
	BAHS Administration BAHS Economic Developme BAHS CIP	96,450 4,391 360,485	1,545,675 3,125,435 8,782,152	1,576,269 3,219,800 <u>12,259,166</u>	298,789 434,541 1,546,384	79,149 241,461 2,583,471	377,938 676,002 4,129,855	24% 21% <u>34%</u>
TOTAL CAPITAL PROJECTS		461,326	13,453,262	17,055,235	2,279,714	2,904,081	5,183,795	<u>30%</u>
327 AND 328 HOUSING								
	Housing	109,355	5,824,189	5,846,002	253,884	78,762	332,646	<u>6%</u>
TO	TAL HOUSING	109,355	5,824,189	5,846,002	253,884	78,762	332,646	<u>6%</u>
TOTAL	CAPITAL PROJECT FUND	570,681	19,277,451	22,901,237	2,533,598	2,982,843	5,516,441	24%

Redevelopment Agency of the City of Morgan Hill Balance Sheet Report - Fiscal Year 2003/04 For the Month of September 2004 25% of Year Complete

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
ASSETS	, ,	,
Cash and investments:	0.405.770	0
Unrestricted Accounts Receivable	2,435,770	6,759,571
Loans and Notes Receivable	4,142	33,323
Loans and Notes Receivable	3,613,535	27,097,248
Advance to Other Funds		
Fixed Assets ²	71,049	
Other Assets	71,043	
Total Assets	6,124,496	33,890,142
LIABILITIES		
Accounts Developed Account Lightlities	24.046	40.040
Accounts Payable and Accrued Liabilities Deferred Revenue ³	24,946	19,949
Accrued Vacation and Comp Time	1,385,072	6,826,467
Accrued vacation and Comp Time		
Total liabilities	1,410,018	6,846,416
. • • • • • • • • • • • • • • • • • • •	1,110,010	3,010,110
FUND BALANCE		
Fund Balance		
rund Balance		
Reserved for:		
Reserved for.		
Encumbrances	2,904,081	78,762
Advance to Other Funds	,,	,
Properties Held for Resale	71,049	
Loans and Notes Receivable	2,228,463	20,270,782
Total Boson and Established		00 0 00 0 00
Total Reserved Fund balance	5,203,593	20,349,544
Unreserved Fund Balance	(489,115)	6,694,182
Omeser ved i dila Dalance	(409,113)	0,094,102
Total Fund Balance	4,714,478	27,043,726
	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Total Liabilities and Fund Balance	6,124,496	33,890,142

¹ Includes Housing Rehab loans and loans for several housing and Agency projects.

² Includes RDA properties held for resale.

³ Includes the deferred payment portion of the loans noted above.



CITY COUNCIL STAFF REPORT OCTOBER 27, 2004

CONDUCT OF SPECIAL RUNOFF ELECTION IN THE EVENT OF A TIE VOTE(S)

RECOMMENDED ACTION(S): Adopt Resolution, providing for the conduct of a Special Runoff Election for elective offices in the event of a tie vote at any Municipal Election.

Agenda Item # 2
Prepared By:
Council Services & Records Manager
Submitted By:
City Manager

EXECUTIVE SUMMARY:

At its meeting of October 20, 2004, the City Council, on a 3-1 vote with Council Member Tate voting against the motion and Council Member Chang absent, directed staff to return with a resolution that provides for the conduct of a Special Runoff Election for elective offices in the event of a tie vote at any Municipal Election as authorized by Elections Code Section 15651. Council Member Carr requested that the resolution presented at the October 20 meeting be modified to make it clear that only those candidates that are tied and have the highest number of votes for an open seat would be involved in the special runoff election. The resolution has been revised and is attached for Council consideration and adoption.

FISCAL IMPACT: The Santa Clara County Registrar of Voters Office has indicated that a runoff election could cost up to \$177,860 (approximation based on a July 2004 estimate). This cost can be less if the special election can be consolidated with other jurisdictions. Funding would need to be allocated from the City's General Fund reserve should a special runoff election need to take place.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA PROVIDING FOR THE CONDUCT OF A SPECIAL RUNOFF ELECTION FOR ELECTIVE OFFICES IN THE EVENT OF A TIE VOTE AT ANY MUNICIPAL ELECTION UNTIL REPEALED.

WHEREAS, § 15651(b) of the Elections Code of the State of California authorizes the City Council, by majority vote, to adopt provisions to require the conduct of a Special Runoff Election to resolve a tie vote involving those candidates who received an equal number of votes and the highest number of votes for an elective office;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. That pursuant to § 15651(b) of the Elections Code of the State of California, if any two or more persons receive an equal and the highest number of votes for an office to be voted for within the city, and which remains open following the election resulting in the tie vote, shall be held within the city a Special Runoff Election to resolve the tie vote. A Special Runoff Election shall be called and held on a Tuesday not less than 40, nor more than 125 days after the administrative or judicial certification of the election which resulted in a tie vote.

SECTION 2. That the provisions of Section 1 shall apply at the next ensuing municipal election and at each municipal election thereafter until repealed.

SECTION 3. That the City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held on the 27th Day of October, 2004 by the following vote.

AYES: NOES: ABSTAIN: ABSENT:	COUNCIL MEMBERS: COUNCIL MEMBERS: COUNCIL MEMBERS: COUNCIL MEMBERS:		
ATTEST:		APPROVED:	
IRMA TOR	REZ, City Clerk	DENNIS KENNEDY, Mayor	

***** CERTIFICATION *****

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City Council at a Special Meeting held on October 27, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT MEETING DATE: October 27, 2004

SEPTEMBER 2004 FINANCE & INVESTMENT REPORT

Agenda Item # 3
Prepared By:
Finance Director
Submitted By:
v
City Manager
City Manager

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY:

Attached is the monthly Finance and Investment Report for the period ended September 30, 2004. The report covers the first three months of activity for the 2004/2005 fiscal year. A summary of the report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

FISCAL IMPACT: as presented

CITY OF MORGAN HILL Monthly Financial and Investment Reports

September 30, 2004 – 25% Year Complete



Prepared by:

FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05 FOR THE MONTH OF SEPTEMBER 2004 - 25% OF YEAR COMPLETE

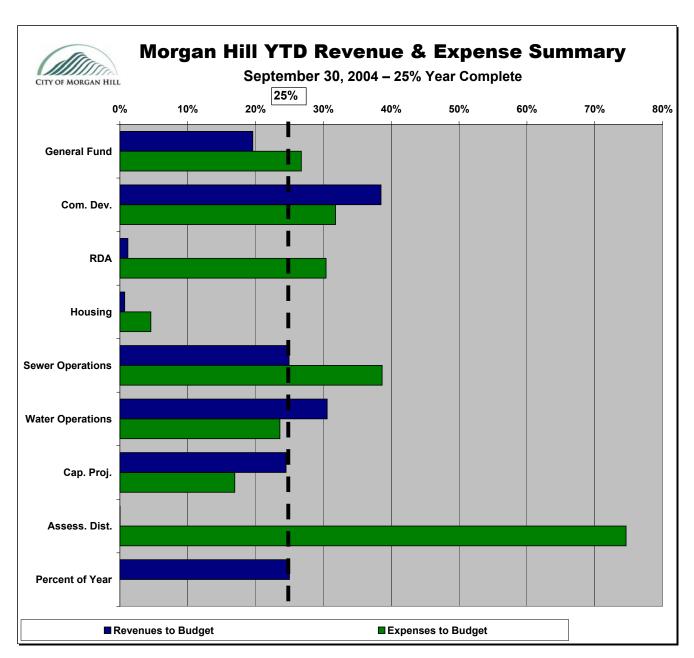
This analysis of the status of the City's financial situation reflects 25% of the year. However, this analysis is somewhat limited. Many of the City's current year revenues have not been received as of this time of the year, such as property taxes, transient occupancy taxes and franchise fees. The beginning of a fiscal year normally reflects a surge in purchasing. This is due to the start of projects included in the new budget and to the season to take advantage of good weather for construction projects.

- * General Fund The revenues received in the General Fund were approximately 20% of the budgeted revenues. Only 2% of property related taxes have been received by the City. The amount of Sales Tax collected was 26% of the sales tax revenue budget. While sales taxes received for the first three months of this fiscal year exceeded the amount received for the same three months in the previous fiscal year by 19%, the economic gain for this quarter-to-quarter comparison was only 11%, and the sales taxes collected for the 12 month period were still less than the amount collected for the previous 12 month period. The 19% quarterly increase included certain one month payments from taxpayers for prior periods. Still, the increase in quarterly tax receipts is an encouraging sign. Subsequent receipts will tell us if this is a continuing trend. Business license and other permit collections were 103% of the budgeted amount. Business license renewal fees were due in July; therefore most of these collections were normal. Motor Vehicle-in-Lieu revenues were \$254,307. The amount of Motor Vehicle-in-lieu fees dropped significantly in this fiscal year, consistent with State budget revenue revisions. Interest & Other Revenue were 22% of budget and do not reflect July, August, and September interest earnings that will be posted in October as part of earnings for the quarter ended September.
- * The General Fund expenditures and encumbrances to date totaled 27% of the budgeted appropriations. If the \$383,585 in encumbrances were excluded, only 25% of the budget would have been expended. The outstanding encumbrances in several activities are encumbrances for projects started but not completed in the prior year and carried forward to the current fiscal year.
- * Transient Occupancy (Hotel) Tax The TOT rate is 10%. The City receives transient occupancy taxes on a quarterly basis. Taxes for the first quarter ending September 30 have not yet been received and will be received by the City after the end of the quarter.
- * Community Development Revenues were 38% of budget, which was 30% more than the amount collected in the like period for the prior year. Planning expenditures plus encumbrances were 37% of budget; Building has expended or encumbered 30% of budget and Engineering 27%. Community Development has expended or encumbered a combined total of 32% of the 2004/05 budget, including \$452,700 in encumbrances. If encumbrances were excluded, Community Development would have spent only 19% of the combined budget.
- * **RDA and Housing** Only \$106,567 in property tax increment revenues has been received as of September 30, 2004. Expenditures plus encumbrances totaled 24% of budget. If encumbrances totaling \$2,982,843 were excluded, the RDA would have spent 11% of the combined budget.
- * Water and Sewer Operations- Water Operations revenues, including service fees, were 31% of budget. Expenditures totaled 24% of appropriations. Sewer Operations revenues, including service fees, were 25% of budget. Expenditures for sewer operations were 39% of budget. This higher percentage results from a principal and interest payment on debt service paid in July.



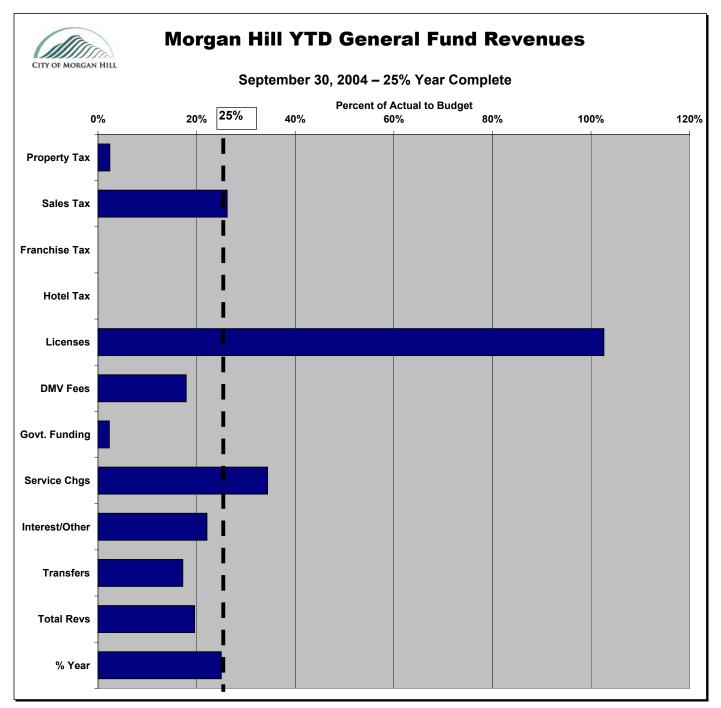
CITY OF MORGAN HILL, CALIFORNIA FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05 FOR THE MONTH OF SEPTEMBER 2004 - 25% OF YEAR COMPLETE

* Investments maturing/called/sold during this period. – During the month of September, \$6 million in Federal Agency investments was called. Further details of all City investments are contained on pages 6-8 of this report.



	REVENU	JES	EXPENS	9/30/2004	
		% OF	ACTUAL plus	% OF	UNRESTRICTED
FUND NAME	ACTUAL	BUDGET	ENCUMBRANCES	BUDGET	FUND BALANCE
General Fund	\$3,297,614	20%	\$5,059,868	27%	\$8,906,040
Community Development	1,053,535	38%	1,085,206	32%	1,425,677
RDA	203,269	1%	5,183,795	30%	(489,115)
Housing/CDBG	35,677	1%	416,603	5%	6,738,674
Sewer Operations	1,403,860	25%	2,523,740	39%	2,454,260
Sewer Other	344,486	26%	920,749	21%	11,817,559
Water Operations	2,645,017	31%	1,889,633	24%	4,014,089
Water Other	75,573	1%	862,330	17%	2,229,789
Other Special Revenues ¹	144,200	18%	810,608	38%	2,913,368
Capital Projects & Streets Funds	1,259,026	24%	1,913,349	17%	22,888,381
Debt Service Funds	66	0%	174,405	75%	224,721
Internal Service	1,127,252	22%	1,566,792	32%	4,552,414
Agency	302,313	12%	1,587,706	64%	2,652,319
<u> </u>			_		
TOTAL FOR ALL FUNDS	\$11,891,888	15%	\$23,994,784	27%	\$70,328,176

¹ Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds

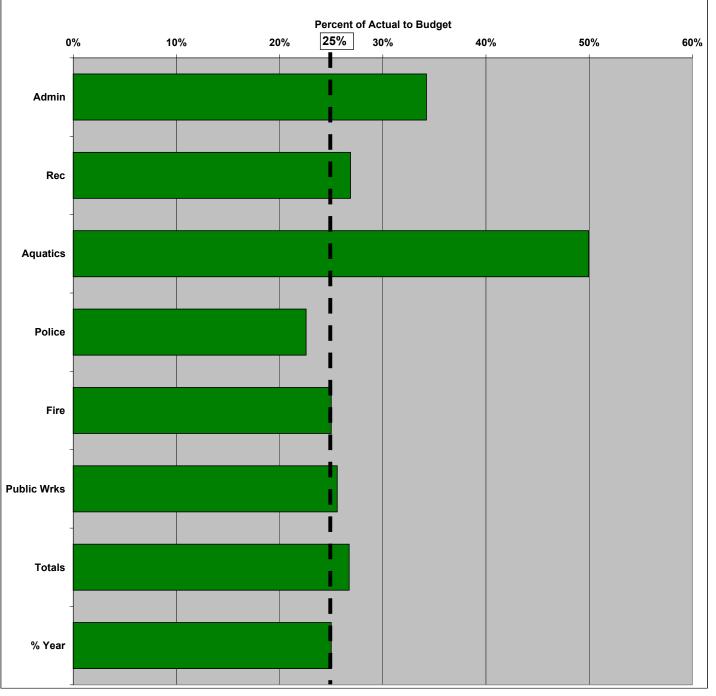


			% OF	PRIOR YEAR	% CHANGE FROM
REVENUE CATEGORY	BUDGET	ACTUAL	BUDGET	TO DATE	PRIOR YEAR
PROPERTY RELATED TAXES	\$3,328,396	\$79,895	2%	\$56,982	
SALES TAXES	\$4,852,000	\$1,270,391	26%	\$1,068,245	19%
FRANCHISE FEE	\$965,000				
HOTEL TAX	\$945,000			-\$2,945	
LICENSES/PERMITS	\$201,720	\$206,980	103%	\$130,155	59%
MOTOR VEHICLE IN LIEU	\$1,423,800	\$254,307	18%	\$257,298	-1%
FUNDING - OTHER GOVERNMENTS	\$304,400	\$7,100	2%	\$888	700%
CHARGES CURRENT SERVICES	\$3,535,076	\$1,214,630	34%	\$619,963	96%
INTEREST & OTHER REVENUE	\$881,461	\$194,786	22%	\$156,034	25%
TRANSFERS IN	\$403,100	\$69,525	17%	\$205,000	-66%
	•			•	
TOTALS	\$16,839,953	\$3,297,614	20%	\$2,491,620	32%



Morgan Hill YTD General Fund Expenditures

September 30, 2004 – 25% Year Complete



		Actual Plus	
Expenditure Category	Budget	Encumbrances	% of Budget
ADMINISTRATION	5,619,079	1,953,461	34%
RECREATION	285,551	67,493	27%
AQUATICS	1,179,260	589,064	50%
POLICE	8,015,630	1,809,342	23%
FIRE	4,194,617	1,048,706	25%
PUBLIC WORKS	706,957	180,866	26%
TOTALS	\$ 18,920,859	\$ 5,059,868	27%



City of Morgan Hill Fund Activity Summary - Fiscal Year 2004/05 For the Month of September 2004 25% of Year Completed

		Unaudited	Revenues		Expenses		Year to-Date	Ending Fur	d Balance	Cash and In	vestments
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or				
No.	Fund	06-30-04	Actual	Budget	Actual	Budget	Carryover	Reserved ¹	Unreserved	Unrestricted	Restricted ²
010	GENERAL FUND	\$10,680,794	\$3,297,614	20%	\$4,688,783	25%	(\$1,391,169)	\$383,585	\$8,906,040	\$10,107,837	\$6,150
TOTAL G	ENERAL FUND	<u>\$10,680,794</u>	<u>\$3,297,614</u>	<u>20%</u>	<u>\$4,688,783</u>	<u>25%</u>	<u>(\$1,391,169)</u>	<u>\$383,585</u>	<u>\$8,906,040</u>	<u>\$10,107,837</u>	<u>\$6,150</u>
000	OTDEET MAINTENANOE	04 440 470	0007.050	0.40/	0004.000	400/	000 704	#0FF 004	#4 405 000 I	04.040.004	
202	STREET MAINTENANCE	\$1,448,173	\$337,650	24%	\$304,866	16%	\$32,784	\$355,034	\$1,125,923	\$1,319,264	
204/205	PUBLIC SAFETY/SUPPL. LAW	\$321,965	A4 050 505	n/a	\$43,880	25%	(\$43,880)	0.450.700	\$278,085	\$278,085	
206	COMMUNITY DEVELOPMENT	\$1,457,348	\$1,053,535	38%	\$632,506	19%	\$421,029	\$452,700	\$1,425,677	\$1,930,232	
207	GENERAL PLAN UPDATE	\$231,767	\$37,819	47%	\$11,226	8%	\$26,593	\$214,216	\$44,144	\$258,562	
210	COMMUNITY CENTER	\$99,678	\$12,500	24%	***	n/a	\$12,500		\$112,178	\$112,178	
215 / 216		\$613,013	\$54	0%	\$25,060	7%	(\$25,006)	543,515	\$44,492	\$103,630	
220	MUSEUM RENTAL			n/a		n/a					
225	ASSET SEIZURE	\$38,956	\$10,000	980%		n/a	\$10,000	\$35,519	\$13,437	\$48,956	
229	LIGHTING AND LANDSCAPE	(\$1,232)		n/a	\$37,988	27%	(\$37,988)	\$34,335	(\$73,555)	(\$38,664)	
232	ENVIRONMENTAL PROGRAMS	\$674,967	\$27,273	7%	\$119,885	28%	(\$92,612)	\$112,623	\$469,732	\$585,804	
234	MOBILE HOME PK RENT STAB.	\$168,580	\$3,169	62%	\$5,160	3%	(\$1,991)	\$190,555	(\$23,966)	\$166,471	
235	SENIOR HOUSING	\$252,691		n/a					\$252,691	\$252,691	
236	HOUSING MITIGATION	\$1,141,855	\$45,000	374%	-		\$45,000	-	\$1,186,855	\$1,186,855	
240	EMPLOYEE ASSISTANCE	\$80,549	\$8,439	29%	5,221	21%	\$3,218		\$83,767	\$76,796	
247	ENVIRONMENT REMEDIATION	\$570,000	-	n/a					\$570,000	\$570,000	
TOTAL S	PECIAL REVENUE FUNDS	<u>\$7,098,310</u>	<u>\$1,535,439</u>	30%	<u>\$1,185,792</u>	<u>15%</u>	<u>\$349,647</u>	<u>\$1,938,497</u>	<u>\$5,509,460</u>	<u>\$6,850,859</u>	
301	PARK DEV. IMPACT FUND	¢2 520 404	\$148,486	26%	\$29,023	1%	¢110.463	£07.067	\$3,570,600	П	\$3,658,567
		\$3,539,104	. ,		\$29,023	170	\$119,463	\$87,967		00.070.400	\$3,000,00 <i>1</i>
302	PARK MAINTENANCE	\$3,047,206	\$26,217	10%	#204	00/	\$26,217		\$3,073,423	\$3,073,423	#2 004 FC2
303	LOCAL DRAINAGE	\$3,027,986	\$173,961	72%	\$384	0%	\$173,577	040.070	\$3,201,563	00 404 005	\$3,201,563
304	LOCAL DRAINAGE/NON-AB1600	\$3,249,120	\$36,233	25%	\$1,088	0%	\$35,145	\$18,070	\$3,266,195	\$3,184,265	
305	OFF-STREET PARKING	****	0.100.050	n/a	-	n/a	0.107.700	040.000	2000 044	\$0	
306	OPEN SPACE	\$699,078	\$138,258	84%	492	00/	\$137,766	\$10,000	\$826,844	\$836,843	40.074.505
309	TRAFFIC IMPACT FUND	\$3,119,744	\$213,022	33%	\$42,957	3%	\$170,065	\$435,578	\$2,854,231		\$3,274,535
311	POLICE IMPACT FUND	\$83,370	\$29,421	74%	\$1,484	1%	\$27,937	\$10,000	\$101,307		\$111,307
313	FIRE IMPACT FUND	\$2,333,569	\$24,540	18%	\$345	0%	\$24,195	\$9,101	\$2,348,663		\$2,357,765
317	REDEVELOPMENT AGENCY	\$6,790,923	\$203,269	1%	\$2,279,714	13%	(\$2,076,445)	5,203,593	(\$489,115)	\$2,435,770	
	HOUSING	\$27,261,987	\$35,623	1%	\$253,884	4%	(\$218,261)	20,349,544	\$6,694,182	\$6,759,571	
340	MORGAN HILL BUS.RANCH I	\$49,375		n/a					\$49,375	\$49,375	
342	MORGAN HILL BUS.RANCH II	\$55,451	-	32%					\$55,451	\$55,451	
346	PUBLIC FACILITIES NON-AB1600	\$936,101		n/a	124,307		(\$124,307)	\$450,516	\$361,278	\$811,794	
347	PUBLIC FACILITIES IMPACT FUND	\$314,545	\$21,043	28%	\$341	3%	\$20,702	9,750	\$325,497		\$298,577
348	LIBRARY IMPACT FUND	\$490,953	\$8,940	2%	\$51	0%	\$8,889		\$499,842		\$499,843
350	UNDERGROUNDING	\$1,140,023	87,200	36%	\$98	0%	\$87,102	31,897	\$1,195,228	\$1,228,587	
360	COMM/REC CTR IMPACT FUND	\$18,906	14,055	36%		0%	\$14,055		\$32,961	\$32,961	
TOTAL C	APITAL PROJECT FUNDS	<u>\$56,157,441</u>	<u>\$1,160,268</u>	<u>4%</u>	<u>\$2,734,168</u>	<u>8%</u>	(\$1,573,900)	<u>\$26,616,016</u>	<u>\$27,967,525</u>	<u>\$18,468,040</u>	<u>\$13,402,157</u>
F.4.F	OCCUPANTE DUDINESS BARIS	#C75 05 : T	A=- T	20/1	M440.00	==0/1	(04.40.005)		#C00 00 / II	0.10.075	0400.055
545	COCHRANE BUSINESS PARK	\$375,254	\$57	0%	\$146,290	75%	(\$146,233)		\$229,021	\$48,072	\$180,950
551	JOLEEN WAY	\$23,806	\$9	0%	\$28,115	71%	(\$28,106)		(\$4,300)	(\$21,549)	\$17,250
TOTAL D	EBT SERVICE FUNDS	<u>\$399,060</u>	<u>\$66</u>	<u>0%</u>	<u>\$174,405</u>	<u>75%</u>	(\$174,339)		\$224,721	<u>\$26,522</u>	<u>\$198,200</u>

Page 4



City of Morgan Hill Fund Activity Summary - Fiscal Year 2004/05 For the Month of September 2004 25% of Year Completed

	T		_	23/0 01 10	ar Completed	-					
		Unaudited	Revenues		Expenses		Year to-Date	Ending Fun	nd Balance	Cash and In	vestments
Fund		Fund Balance	YTD	% of	YTD	% of	Deficit or				_
No.	Fund	06-30-04	Actual	Budget	Actual	Budget	Carryover	Reserved ¹	Unreserved	Unrestricted	Restricted ²
640	SEWER OPERATIONS	\$14.806.836	\$1,403,860	25%	\$2.364.224	36%	(\$960,364)	\$11.392.212	\$2,454,260	\$2,741,728	\$1,849,400
641	SEWER IMPACT FUND	\$9,717,249	\$344,486	29%	\$145,052	4%	\$199,434	4,099,094	\$5,817,589	Ψ2,741,720	\$5,971,298
642	SEWER RATE STABILIZATION	\$3,975,411	φ3 44 ,400	n/a	\$529	25%	(\$529)	4,099,094	\$3,974,882	\$3,974,882	φ5,971,296
643	SEWER-CAPITAL PROJECTS	\$9,822,474		n/a	\$186,833	27%	(\$186,833)	7,610,553	\$2,025,088	\$2,561,922	
650	WATER OPERATIONS	\$22,950,046	\$2,645,017	31%	\$1,415,983	17%	\$1,229,034	\$20,164,991	\$4,014,089	\$3,647,703	\$390,638
		. , ,			. , , ,	2%	. , , ,		. , ,	\$3,047,703	
651	WATER DATE STARWARD	\$4,150,949	\$75,573	1%	\$52,074	25%	\$23,499	4,957,829	(\$783,382)	COC FO4	(\$69,017)
652	WATER CARITAL PROJECT	\$26,627		n/a	\$123		(\$123)	0.075.440	\$26,504	\$26,504	
653	WATER -CAPITAL PROJECT	\$9,198,215		n/a	\$136,110	8%	(\$136,110)	6,075,440	\$2,986,667	\$3,219,499	
TOTAL E	NTERPRISE FUNDS	\$74,647,807	\$4,468,936	<u>20%</u>	\$4,300,928	<u>18%</u>	\$168,008	\$54,300,119	\$20,515,697	\$16,172,237	<u>\$8,142,319</u>
730	DATA PROCESSING	\$472,435	\$57,743	21%	\$106,550	24%	(\$48,807)	294,258	\$129,370	\$391,162	
740	BUILDING MAINTENANCE	\$719,435	\$413,153	25%	\$255.662	19%	\$157,491	17,089	\$859.837	\$907.788	
745	CIP ADMINISTRATION	\$39,380	\$237,729	17%	\$237,729	17%	, , ,	46,872	(\$7,492)	\$108,628	
760	UNEMPLOYMENT INS.	\$47,278	, , ,	n/a	, , , ,			- / -	\$47,278	\$47,278	
770	WORKER'S COMP.	\$5,634	\$235,439	27%	\$255,997	32%	(\$20,558)	20,825	(\$35,749)	\$516,455	\$40,000
790	EQUIPMENT REPLACEMENT	\$3,375,628	\$76,263	20%	\$393	0%	\$75,870	543,401	\$2,908,097	\$2,908,097	ψ.0,000
793	CORPORATION YARD	\$283,120	ψ. σ, <u>2</u> σσ	n/a	\$16,945	10%	(\$16,945)	267,266	(\$1,091)	\$1,166	
795	GEN'L LIABILITY INS.	\$850,702	\$106,925	24%	\$305,463	71%	(\$198,538)	201,200	\$652.164	\$977,981	
		, ,	· / /	-	· ,		(, , , , , ,		, , , ,	. ,	
TOTAL II	NTERNAL SERVICE FUNDS	<u>\$5,793,612</u>	<u>\$1,127,252</u>	<u>22%</u>	<u>\$1,178,739</u>	<u>24%</u>	<u>(\$51,487)</u>		<u>\$4,552,414</u>	<u>\$5,858,555</u>	<u>\$40,000</u>
820	SPECIAL DEPOSITS									\$1,013,613	
841	M.H. BUS.RANCH A.D.	\$381,939	\$210	n/a	\$299,893	21000%	(\$299,683)		\$82,256	\$82,256	
842	M.H. BUS. RANCH II A.D.	\$32,149	16	n/a	\$31	n/a	(\$15)		\$32,134	\$32,134	
843	M.H. BUS. RANCH 1998	\$1,296,650	\$731	n/a	\$648,719	73%	(\$647,988)		\$648,662	(\$236,076)	\$884,739
844	MH RANCH RSMNT 2004A	\$186,838	\$300,159		\$2,579	0%	\$297,580		\$484,418	(\$2,174)	\$486,591
845	MADRONE BP-TAX EXEMPT	\$1,298,723	\$1,070		\$499,158	62%	(\$498,088)		\$800,635	\$2,148	\$798,487
846	MADRONE BP-TAXABLE	\$251,768	\$116	12%	\$99,380	57%	(\$99,264)		\$152,503	(\$1,585)	\$154,092
848	TENNANT AVE.BUS.PK A.D.	\$430,286	\$11	n/a		na	\$11		\$430,297	\$430,297	
881	POLICE DONATION TRUST FUND	\$21,414		n/a					\$21,414		\$21,414
TOTAL A	GENCY FUNDS	\$3,899,767	\$302,313	12%	\$1,549,760	63%	(\$1,247,447)		\$2,652,319	\$1,320,613	\$2,345,324
IOIALA	IGENCT TONDS	<u>\$5,099,707</u>	φ302,313	12 /0	<u>φ1,543,700</u>	03 /6	<u>(\$1,247,447)</u>		\$2,032,319	φ1,320,013	<u>\$2,545,524</u>
CLIMANAA	DV DV EUND TVDE										
SUMMAR	RY BY FUND TYPE										
	GENERAL FUND GROUP	\$10,680,794	\$3,297,614	20%	\$4,688,783	25%	(\$1,391,169)	\$383,585	\$8,906,040	\$10,107,837	\$6,150
	SPECIAL REVENUE GROUP	\$7,098,310	\$1,535,439	30%	\$1,185,792	15%	\$349,647	\$1,938,497	\$5,509,460	\$6,850,859	
	DEBT SERVICE GROUP	\$399,060	\$66	0%	\$174,405	75%	(\$174,339)		\$224,721	\$26,522	\$198,200
	CAPITAL PROJECTS GROUP	\$56,157,441	\$1,160,268	4%	\$2,734,168	8%	(\$1,573,900)	\$26,616,016	\$27,967,525	\$18,468,040	\$13,402,157
	ENTERPRISE GROUP	\$74,647,807	\$4,468,936	20%	\$4,300,928	18%	\$168,008	\$54,300,119	\$20,515,697	\$16,172,237	\$8,142,319
	INTERNAL SERVICE GROUP	\$5,793,612	\$1,127,252	22%	\$1,178,739	24%	(\$51,487)	, , , , , , , , , , , , , , , , , , , ,	\$4,552,414	\$5,858,555	\$40,000
	AGENCY GROUP	\$3,899,767	\$302,313	12%	\$1,549,760	63%	(\$1,247,447)		\$2,652,319	\$1,320,613	\$2,345,324
								400 000 0:-	. , ,	. , , , ,	
	TOTAL ALL GROUPS	<u>\$158,676,791</u>	<u>\$11,891,888</u>	<u>15%</u>	<u>\$15,812,575</u>	<u>18%</u>	<u>(\$3,920,687)</u>	<u>\$83,238,217</u>	<u>\$70,328,176</u>	<u>\$58,804,664</u>	<u>\$24,134,149</u>
	TOTAL CASH AND INVESTMENTS									\$82,938,813	

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

² Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT

CAN THEE CACH AND INVESTMENT	
FOR THE MONTH OF SEPTEMBER 2004	
FOR THE FISCAL YEAR OF 2004-05	

		1				
	Invested	Vi-1-	Book Value	Investment Category	% of	Market
	in Fund	Yield	End of Month	Subtotal at Cost	Total	Value
<u>Investments</u>						
State Treasurer LAIF - City	All Funds Pooled	1.77%	\$28,493,155		34.34%	\$28,457,163
- RDA	RDA	1.77%	\$2,088,701		2.52%	\$2,086,062
- Corp Yard	Corp Yard	1.77%	\$52,390		0.06%	\$52,324
Federal Issues	All Funds Pooled	3.20%	\$43,245,652		52.14%	\$43,014,870
SVNB CD	All Funds Pooled	2.50%	\$2,000,000		2.41%	\$2,000,000
Money Market	All Funds Pooled	0.99%	\$5,502	\$75,885,400	0.01%	\$5,502
Bond Reserve Accounts - held by trustees						
BNY - 2002 SCRWA Bonds						
MBIA Repurchase & Custody Agmt	Sewer	4.78%	\$1,805,247			
Blackrock Provident Temp Fund		1.10%	\$44,154		2.23%	\$1,849,768
US Bank - 1999 Water C.O.P.						
First American Treasury Obligation	Water	1.69%	\$390,638		0.47%	\$390,638
US Bank - MH Ranch 98	MH Ranch					
First American Treasury Obligation	Agency Fund	1.69%	\$884,739		1.07%	\$884,739
US Bank - Madrone Bus Park Tax Exempt	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	1.69%	\$798,487		0.96%	\$798,487
US Bank - Madrone Bus Park Taxable	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	1.69%	\$154,092		0.19%	\$154,092
BNY - MH Ranch 2004 A	MH Ranch Bus Park					
Blackrock Provident Temp Fund	Agency Fund	1.10%	\$486,591	\$4,563,948	0.59%	\$486,591
Checking Accounts	,					
General Checking	All Funds		\$1,500,000		1.81%	\$1,500,000
Dreyfuss Treas Cash Management Account	All Funds		\$943,315		1.14%	\$943,315
Athens Administators Workers' Comp	Workers' Comp		\$40,000		0.05%	\$40,000
Petty Cash & Emergency Cash	Various Funds	-	\$6,150	\$2,489,465	0.01%	\$6,150
Total Cash and Investments			\$82,938,813	<u>\$82,938,813</u>	<u>100.00%</u>	\$82,669,701
MH Financing Authority Investment in MH Ranch AD Imprvmt Bond Series 2004		1.75% to 4.50%	<u>\$4,795,000</u>			<u>Unavailable</u>

CASH ACTIVITY SUMMARY FY 04/05

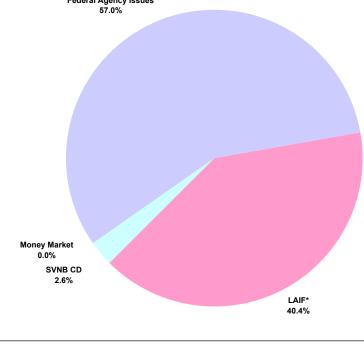
	07/01/04	Change in	09/30/04		
Fund Type	Balance	Cash Balance	Balance	Restricted	Unrestricted
General Fund	\$11,307,873	(\$1,193,886)	\$10,113,987	\$6,150	\$10,107,837
Community Development	\$1,564,866	\$365,366	\$1,930,232	\$0	\$1,930,232
RDA (except Housing)	\$6,191,592	(\$3,755,822)	\$2,435,770	\$0	\$2,435,770
Housing / CDBG	\$7,244,293	(\$381,092)	\$6,863,201	\$0	\$6,863,201
Water - Operations	\$3,236,757	\$801,583	\$4,038,340	\$390,637	\$3,647,703
Water Other	\$3,450,125	(\$273,139)	\$3,176,986	(\$69,017)	\$3,246,003
Sewer - Operations	\$5,088,334	(\$497,206)	\$4,591,128	\$1,849,400	\$2,741,728
Sewer Other	\$13,072,660	(\$564,558)	\$12,508,102	\$5,971,298	\$6,536,804
Other Special Revenue	\$3,503,684	(\$5,951)	\$3,497,733	\$0	\$3,497,733
Streets and Capital Projects (except RDA)	\$23,802,360	\$191,760	\$23,994,120	\$13,402,157	\$10,591,963
Assessment Districts	\$397,995	(\$173,273)	\$224,722	\$198,200	\$26,522
Internal Service	\$6,337,439	(\$438,884)	\$5,898,555	\$40,000	\$5,858,555
Agency Funds	\$4,902,523	(\$1,236,586)	\$3,665,937	\$2,345,324	\$1,320,613
Total	<u>\$90,100,501</u>	(\$7,161,688)	<u>\$82,938,813</u>	<u>\$24,134,149</u>	<u>\$58,804,664</u>

Note: See Investment Porfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports. *Market Value as of 08/31/04

I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

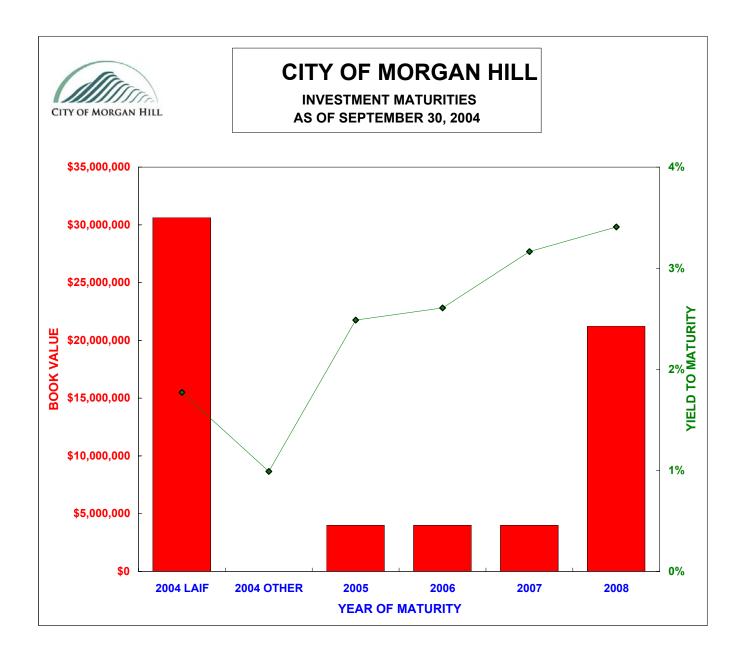
Prepared by:		Approved by:			
	Lourdes Reroma Accountant I	4,,,,,,,,	Jack Dilles Director of Finance		
Verified by:					
	Tina Reza		Mike Roorda		
	Assistant Director of Finance		City Treasurer		





Investment Type	Purchase Date	Book Value	% of Portfolio	Market Value	Stated Rate	Interest Earned	Next Call Date	Date of Maturity	Years to Maturity
LAIF*		\$30,634,246	40.37%	\$30,595,550	1.771%	\$113,750			0.003
SVNB CD	07/07/03	\$2,000,000	2.64%	\$2,000,000	2.500%	\$8,689		07/07/05	0.767
Fadaval Assaultance									
Federal Agency Issues Fed Home Loan Bank	05/21/04	\$2.000.000	2.64%	£2,000,000	2.474%	\$12.370	10/21/04	11/21/05	1.140
Fed Home Loan Bank				\$2,000,000				05/26/06	
	02/26/04	\$2,000,000	2.64%	\$1,995,620	2.563%	\$12,901	11/26/04		1.649
Fed Home Loan Bank	03/29/04	\$2,000,000	2.64%	\$1,971,880	2.650%		12/29/2006	12/29/06	2.244
Fed Home Loan Bank	03/18/04	\$2,000,000	2.64%	\$1,993,120	3.030%	\$15,185	12/18/04	06/18/07	2.712
Fed Home Loan Bank	03/29/04	\$2,000,000	2.64%	\$1,972,500	3.300%	\$16,509	03/28/05	12/28/07	3.241
Fed Home Loan Mgt Corp	03/12/03	\$2,000,000	2.64%	\$2,005,680	3.500%	\$17,560	03/12/05	03/12/08	3.447
Fed Home Loan Bank	03/26/03	\$2,000,000	2.64%	\$1,995,000	3.375%	\$16,890	anytime	03/26/08	3.485
Fed Home Loan Mgt Corp	04/16/03	\$2,000,000	2.64%	\$2,001,220	3.600%	\$18,098	10/16/04	04/16/08	3.542
Fed Home Loan Mgt Corp	04/17/03	\$1,995,652	2.63%	\$2,001,200	3.625%	\$18,858	10/17/04	04/17/08	3.545
Fed Farm Credit Bank	06/03/03	\$2,000,000	2.64%	\$1,983,760	3.210%	\$16,138	12/03/04	06/03/08	3.674
Fed Farm Credit Bank	06/12/03	\$2,000,000	2.64%	\$1,965,620	2.950%	\$14,831	10/30/04	06/12/08	3.699
Fed Home Loan Bank	07/30/03	\$2,000,000	2.64%	\$1,967,500	3.000%	\$15,052	10/30/04	07/30/08	3.830
Fed Home Loan Bank	07/30/03	\$2,000,000	2.64%	\$1,984,380	3.243%	\$16,407	10/30/04	07/30/08	3.830
Fed Home Loan Bank	07/30/03	\$2,000,000	2.64%	\$1,991,880	3.400%	\$17,059	10/30/04	07/30/08	3.830
Fed Home Loan Bank	08/14/03	\$1,250,000	1.65%	\$1,252,350	3.690%	\$11,592	11/14/04	08/14/08	3.871
Fed Home Loan Bank	10/15/03	\$2,000,000	2.64%	\$2,001,260	4.000%	\$10,055	10/15/04	10/15/08	4.041
Fed Farm Credit Bank	03/16/04	\$2,000,000	2.64%	\$1,956,260	3.650%	\$18,299	anytime	03/16/09	4.458
Fed Home Loan Bank	03/26/04	\$2,000,000	2.64%	\$2,002,500	4.000%	\$20,018	10/26/04	03/26/09	4.485
Fed Home Loan Bank	04/06/04	\$2,000,000	2.64%	\$1,990,000	3.625%	\$18,224	10/06/04	04/06/09	4.515
Fed Home Loan Bank	04/07/04	\$2,000,000	2.64%	\$1,990,000	3.600%	\$18,098	10/07/04	04/07/09	4.518
Fed National Mortgage	04/16/04	\$2,000,000	2.64%	\$1,996,880	3.750%	\$18,852	10/16/04	04/16/09	4.542
Fed Home Loan Bank	04/29/04	\$2,000,000	2.64%	\$1,996,260	3.750%	\$18,852	10/29/04	04/29/09	4.578
Redeemed in FY 04/05						\$42,559			
Sub Total/Average		\$43,245,652	56.99%	\$43,014,870	3.204%	\$397,662			3.581
Manay Market		¢E E00	0.01%	\$ E E00	0.990%	\$262			0.003
Money Market		\$5,502	0.01%	\$5,502	0.990%	\$262			0.003
TOTAL/AVERAGE		\$75,885,400	100.00%	\$75,615,921	2.694%	\$520,363			2.063

^{*}Per State Treasurer Report dated 09/30/2004, LAIF had invested approximately 14% of its balance in Treasury Bills and Notes, 16% in CDs, 19% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 51% in others.



YEAR OF	BOOK	MARKET	AVERAGE	% OF
MATURITY	VALUE	VALUE	RATE	TOTAL
2004 LAIF	\$30,634,246	\$30,595,550	1.771%	40.37%
2004 OTHER	\$5,502	\$5,502	0.990%	0.01%
2005	\$4,000,000	\$4,000,000	2.487%	5.27%
2006	\$4,000,000	\$3,967,500	2.607%	5.27%
2007	\$4,000,000	\$3,965,620	3.165%	5.27%
2008	\$21,245,652	\$21,149,850	3.408%	28.00%
2009	\$12,000,000	\$11,931,900	3.729%	15.81%
TOTAL	\$75,885,400	\$75,615,921	2.694%	100.00%



FUND			CURRENT		_	INCR (DECR)	
REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	YTD ACTUAL	% OF BUDGET	PRIOR YTD	FROM PRIOR YTD	% CHANGE
010 GENERAL FUND							
<u>TAXES</u>							
Property Taxes - Secured/Unsecured/Prio	2,803,396	2,803,396		n/a	-	-	n/a
Supplemental Roll	157,500	157,500	9,607	6%	18,306	(8,699)	-48%
Sales Tax	4,600,000	4,600,000	1,227,424	27%	1,022,294	205,130	20%
Public Safety Sales Tax	252,000	252,000	42,967	17%	45,951	(2,984)	-6%
Transient Occupancy Taxes	945,000	945,000	-	n/a	(2,945)	2,945	-100%
Franchise (Refuse ,Cable ,PG&E)	965,000	965,000	-	n/a	-	-	n/a
Property Transfer Tax	367,500	367,500	70,288	<u>19%</u>	38,676	31,612	82%
TOTAL TAXES	10,090,396	10,090,396	1,350,286	13%	1,122,282	228,004	20%
<u>ICENSES/PERMITS</u>							
Business License	155,000	155,000	206,413	133%	129,160	77,253	60%
Other Permits	46,720	46,720	567	<u>1%</u>	995	(428)	<u>-43%</u>
TOTAL LICENSES/PERMITS	201,720	201,720	206,980	103%	130,155	76,825	59%
FINES AND PENALTIES							
Parking Enforcement	12,000	12,000	1,424	12%	3,601	(2,177)	-60%
City Code Enforcement	35,000	35,000	3,307	9%	4,899	(1,592)	-32%
Business tax late fee/other fines	1,200	1,200	541	<u>45%</u>	_	541	<u>n/a</u>
TOTAL FINES AND PENALTIES	48,200	48,200	5,272	11%	8,500	(3,228)	-38%
OTHER AGENCIES							
Motor Vehicle in-Lieu	1,423,800	1,423,800	254,307	18%	257,298	(2,991)	-1%
Other Revenue - Other Agencies	304,400	304,400	7,100	<u>2%</u>	888	6,212	700%
TOTAL OTHER AGENCIES	1,728,200	1,728,200	261,407	15%	258,186	3,221	1%
CHARGES CURRENT SERVICES							
False Alarm Charge	20,000	20,000	(2,794)	-14%	(476)	(2,318)	487%
Business License Application Review	22,000	22,000	5,503	25%	8,141	(2,638)	-32%
Recreation Classes	326,750	326,750	5,810	2%	58,605	(52,795)	-90%
Aquatics Revenue	1,181,625	1,181,625	629,735		-		
General Administration Overhead	1,793,851	1,793,851	448,463	25%	501,995	(53,532)	-11%
Other Charges Current Services	190,850	190,850	127,913	67%	51,698	76,215	147%
TOTAL CURRENT SERVICES	3,535,076	3,535,076	1,214,630	34%	619,963	(35,068)	-6%
OTHER REVENUE							
Use of money/property	819,261	819,261	183,584	22%	139,582	44,002	32%
Other revenues	14,000	14,000	5,930	42%	7,952	(2,022)	<u>-25%</u>
TOTAL OTHER REVENUE	833,261	833,261	189,514	23%	147,534	41,980	28%
FRANSFERS IN							
Park Maintenance	125,000	125,000	-	n/a	50,000	(50,000)	-100%
Sewer Enterprise	20,000	20,000	5,000	25%	4,375	625	14%
Water Enterprise	20,000	20,000	5,000	25%	4,375	625	14%
Public Safety	175,000	175,000	43,750	25%	68,250	(24,500)	-36%
Environmental Programs	48,100	48,100	12,025	25%		12,025	n/a
HCD Block Grant	15,000	15,000	3,750	25%		3,750	n/a
Other Funda				<u>n/a</u>	78,000	(78,000)	<u>-100%</u>
Other Funds							
TOTAL TRANSFERS IN	403,100	403,100	69,525	17%	205,000	(135,475)	-66%



FUND REVENUE	ADOPTED	AMENDED	CURRENT YTD	%	PRIOR	INCR (DECR) FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	CHANGE
SPECIAL REVENUE FUNDS							
202 STREET MAINTENANCE	074.000	074 000	477.055	000/	100.000	(0.077)	40/
Gas Tax 2105 - 2107.5	674,000	674,000	177,855	26%	180,232	(2,377)	-1%
Measure A & B	-	-	-	n/a	-	-	n/a
Tea 21				n/a		-	n/a
Transfers In	700,000	700,000	150,000	21%	175,000	(25,000)	-14%
Project Reimbursement		-		n/a		-	n/a
Interest / Other Revenue/Other Charges	29,635	29,635	9,795	<u>33%</u>	107,202	(97,407)	<u>-91%</u>
202 STREET MAINTENANCE	1,403,635	1,403,635	337,650	24%	462,434	(124,784)	-27%
204/205 PUBLIC SAFETY TRUST							
Interest Income	6,103	6,103	-	n/a	-	-	n/a
Police Grant/SLEF	100,000	100,000	-	n/a	-	-	n/a
PD Block Grant	-	-	-	n/a	-	-	n/a
CA Law Enforcement Equip.Grant	-	-	-	n/a	-	-	n/a
Federal Police Grant (COPS)	-	-	-	n/a	-	-	n/a
Transfers In				<u>n/a</u>			<u>n/a</u>
204/205 PUBLIC SAFETY TRUST	106,103	106,103	-	n/a	-	-	n/a
06 COMMUNITY DEVELOPMENT							
Building Fees	1,403,000	1,403,000	562,701	40%	591,988	(29,287)	-5%
Planning Fees	791,621	791,621	121,861	15%	151,373	(29,512)	-19%
Engineering Fees	516,500	516,500	368,604	71%	58,768	309,836	527%
Other Revenue/Current Charges	26,188	26,188	369	1%	694	(325)	-47%
<u>Transfers</u>				<u>n/a</u>	7,500	(7,500)	<u>-100%</u>
206 COMMUNITY DEVELOPMENT	2,737,309	2,737,309	1,053,535	38%	810,323	243,212	30%
207 GENERAL PLAN UPDATE	80,154	80,154	37,819	47%	22,850	14,969	66%
215 and 216 HCD BLOCK GRANT							
HCD allocation	166,440	166,440	-	n/a	-	-	n/a
Interest Income/Other Revenue	9,648	9,648	54	1%	5,509	(5,455)	-99%
<u>Transfers</u>				<u>n/a</u>			<u>n/a</u>
15 and 216 HCD BLOCK GRANT	176,088	176,088	54	0%	5,509	(5,455)	-99%
10 COMMUNITY CENTER	52,119	52,119	12,500	24%	-	12,500	n/a
20 MUSEUM RENTAL	-	-	-	n/a	-	-	n/a
25 ASSET SEIZURE	1,020	1,020	10,000	980%	-	10,000	n/a
29 LIGHTING AND LANDSCAPE	130,766	130,766	-	n/a	-	-	n/a
32 ENVIRONMENTAL PROGRAMS	399,491	399,491	27,273	7%	91,559	(64,286)	-70%
34 MOBILE HOME PARK RENT STAB.	5,148	5,148	3,169	62%	3,024	145	5%
35 SENIOR HOUSING	5,501	5,501	-	n/a	-	-	n/a
36 HOUSING MITIGATION	12,031	12,031	45,000	374%	_	45,000	n/a
40 EMPLOYEE ASSISTANCE	29,059	29,059	8,439	29%	6,401	2,038	32%
247 ENVIRONMENT REMEDIATION	,	•	-	n/a	-	-	n/a
TOTAL SPECIAL REVENUE FUNDS	5,138,424	5,138,424	1,535,439	30%	1,402,100	133,339	10%



FUND REVENUE							
DEVENUE			CURRENT			INCR (DECR)	
REVENUE	ADOPTED	AMENDED	YTD	%	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	CHANG
APITAL PROJECTS FUNDS							
01 PARK DEVELOPMENT	578,596	578,596	148,486	26%	267,542	(119,056)	-44%
02 PARK MAINTENANCE	254,863	254,863	26,217	10%	39,205	(12,988)	-33%
03 LOCAL DRAINAGE	243,292	243,292	173,961	72%	46,800	127,161	272%
04 LOCAL DRAINAGE/NON AB1600	146,377	146,377	36,233	25%	36,000	233	1%
05 OFF-STREET PARKING	- -	- -	-	n/a	-	- -	n/a
06 OPEN SPACE	165,125	165,125	138,258	84%	<u>-</u>	138,258	n/a
09 TRAFFIC MITIGATION	651,916	651,916	213,022	33%	522,929	(309,907)	-59%
11 POLICE MITIGATION	39,568	39,568	29,421	74%	21,629	7,792	36%
13 FIRE MITIGATION	138,417	138,417	24,540	18%	77,770	(53,230)	-68%
17 RDA CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	17,280,277	17,280,277	85,254	0%	103,617	(18,363)	-18%
Development Agreements			-	n/a		-	n/a
Interest Income, Rents	17,031	17,031	6,796	40%	2,977	3,819	128%
Other Agencies/Current Charges			111,219	<u>n/a</u>	2,631	108,588	<u>4127%</u>
17 RDA CAPITAL PROJECTS	17,297,308	17,297,308	203,269	1%	109,225	94,044	86%
27/328 RDA L/M HOUSING							
Property Taxes & Supplemental Roll	4,737,350	4,737,350	21,313	0%	25,904	(4,591)	-18%
Interest Income, Rent	112,277	112,277	14,110	13%	28,939	(14,829)	-51%
<u>Other</u>	100	100	200	<u>200%</u>	531	(331)	<u>-62%</u>
27/328 RDA L/M HOUSING	4,849,727	4,849,727	35,623	1%	55,374	(19,751)	-36%
46 PUBLIC FACILITIES NON-AB1600	629,137	629,137	-	n/a	24,000	(24,000)	-100%
47 PUBLIC FACILITIES	74,737	74,737	21,043	28%	33,654	(12,611)	-37%
48 LIBRARY	526,000	526,000	8,940	2%	23,505	(14,565)	-62%
50 UNDERGROUNDING	242,742	242,742	87,200	36%	-	87,200	n/a
40 MORGAN HILL BUS.RANCH CIP I	1,069	1,069	-	n/a	-	-	n/a
42 MORGAN HILL BUS.RANCH CIP II	1,201	1,201	-	n/a	-	-	n/a
60 COMMUNITY/REC IMPACT FUND	44,399	44,399	14,055	32%	307	13,748	4478%
OTAL CAPITAL PROJECTS FUNDS	25,884,474	25.884.474	1,160,268	4%	1.257.940	(97,672)	



FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGI
ENTERPRISE FUNDS	BUDGET	BUDGET	ACTUAL	OF BUDGET	TID	לוט	CHANG
40 SEWER OPERATION							
Sewer Service Fees	5,459,000	5,459,000	1,361,140	25%	1,350,967	10,173	1%
Interest Income	59,437	59,437	590	1%	1,000,007	590	n/a
Other Revenue/Current Charges	110,500	110,500	42,130	<u>38%</u>	39.299	2.831	7%
640 SEWER OPERATION	5,628,937	5,628,937	1,403,860	25%	1,390,266	13,594	1%
641 SEWER EXPANSION							
Interest Income	94,826	94,826	153	0%	-	153	n/a
Connection Fees	1,100,000	1,100,000	344,135	31%	835,189	(491,054)	-59%
Other	-	-	198	n/a	198		n/a
S41 SEWER EXPANSION	1,194,826	1,194,826	344,486	29%	835,387	(490,901)	-59%
42 SEWER RATE STABILIZATION	84,161	84,161	-	n/a	-	-	n/a
43 SEWER-CAPITAL PROJECT	36,527	36,527	-	n/a	125,000	(125,000)	-100%
TOTAL SEWER FUNDS	6,944,451	6,944,451	1,748,346	25%	2,350,653	(602,307)	-26%
550 WATER OPERATION							
Water Sales	5,821,375	5,821,375	2,388,224	41%	2,398,628	(10,404)	0%
Meter Install & Service	40,000	40,000	38,166	95%	17,830	20,336	114%
Transfers-In, and Interest Income	2,516,848	2,516,848	225	0%	265,621	(265,396)	-100%
Other Revenue/Current Charges	279,688	279,688	218,402	<u>78%</u>	550,815	(332,413)	<u>-60%</u>
50 WATER OPERATION	8,657,911	8,657,911	2,645,017	31%	3,232,894	(587,877)	-18%
551 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	5,000,000	5,000,000	_	n/a	155,591	(155,591)	-100%
Water Connection Fees	200,000	200,000	75,573	38%	136,777	(61,204)	-45%
551 WATER EXPANSION	5,200,000	5,200,000	75,573	1%	292,368	(216,795)	-74%
			. 0,0.0		202,000	(2:0,:00)	
52 Water Rate Stabilization	445	445	-	n/a	-	-	n/a
53 Water Capital Project	1,016,646	1,016,646	-	n/a	-	-	n/a
OTAL WATER FUNDS	14,875,002	14,875,002	2,720,590	18%	3,525,262	(804,672)	-23%
OTAL ENTERPRISE FUNDS	21,819,453	21,819,453	4,468,936	20%	5,875,915	(1,406,979)	-24%
NTERNAL SERVICE FUNDS							
30 INFORMATION SERVICES	279,995	279,995	57,743	21%	61,315	(3,572)	-6%
40 BUILDING MAINTENANCE SERVICES	1,652,610	1,652,610	413,153	25%	224,213	188,940	84%
45 CIP ADMINISTRATION	1,395,765	1,395,765	237,729	17%	294,343	(56,614)	-19%
60 UNEMPLOYMENT INSURANCE	60,484	60,484		n/a	7,363	(7,363)	-100%
70 WORKERS COMPENSATION	875,300	875,300	235,439	27%	108,785	126,654	116%
90 EQUIPMENT REPLACEMENT	373,009	373,009	76,263	20%	50,937	25,326	50%
93 CORPORATION YARD COMMISSION	136,715	136,715	. 5,230	n/a	34,695	(34,695)	-100%
95 GENERAL LIABILITY INSURANCE	453,709	453,709	106,925	24%	92,901	14,024	15%



FUND			CURRENT			INCR (DECR)	
REVENUE	ADOPTED	AMENDED	YTD	%	PRIOR	FROM PRIOR	%
SOURCE	BUDGET	BUDGET	ACTUAL	OF BUDGET	YTD	YTD	CHANGE
AGENCY FUNDS							
841 M.H. BUS.RANCH A.D. I	-	-	210	n/a	-	210	n/a
842 M.H. BUS.RANCH A.D. II	-	-	16	n/a	-	16	n/a
843 M.H. BUS.RANCH 1998	905,353	905,353	731	0%	335	396	118%
844 M.H. RANCH REFUNDING 2004A	619,142	619,142	300,159	48%	-	300,159	n/a
845 MADRONE BP-TAX EXEMPT	826,553	826,553	1,070	0%	302	768	254%
846 MADRONE BP-TAXABLE	179,459	179,459	116	0%	58	58	100%
848 TENNANT AVE.BUS.PK A.D.	37,993	37,993	11	0%	59,685	(59,674)	-100%
881 POLICE DONATION TRUST FUND	465	465	-	n/a	5	(5)	-100%
TOTAL AGENCY FUNDS	2,568,965	2,568,965	302,313	12%	60,385	241,928	401%
TOTAL FOR ALL FUNDS	77,801,522	77,801,522	11,891,888	15%	11,962,512	12,140	0%



		THIS						
FUND		MONTH						PERCENT OF
NO.	FUND/ACTIVITY	ACTUAL	ADOPTED	AMENDED	YTD	OUTSTANDING	TOTAL	TOTAL TO
		EXPENSES	BUDGET	BUDGET	EXPENSES	ENCUMBRANCE	ALLOCATED	BUDGET

				W.	.	<u> </u>	
010 GENERAL FUND							
I. GENERAL GOVERNMENT							
COUNCIL AND MISCELLANEOUS GOVT							
City Council	14,238	174,319	179,647	42,220	3,037	45,257	25%
Community Promotions	1,870	28,114	28,114	4,301	263	4,564	<u>16%</u>
COUNCIL AND MISCELLANEOUS GO	16,108	202,433	207,761	46,521	3,300	49,821	24%
CITY ATTORNEY	112,486	566,191	600,022	226,407	196,232	422,639	<u>70%</u>
CITY MANAGER							
City Manager	22,842	318,659	318,659	73,987		73,987	23%
Cable Television	943	44,961	44,961	12,830	6,600	19,430	43%
Communications & Marketing	3,467	71,045	71,045	11,932	0,000	11,932	43 % 17%
CITY MANAGER	27,252	434,665	434,665	98,749	6,600	105,349	24%
RECREATION							
RECREATION	44.700	205 554	205 554	07.400		07.400	0.40/
Recreation	14,728	285,551	285,551	67,493	122 546	67,493	24%
Community & Cultural Center	77,170	1,287,874	1,346,160	248,423	122,546	370,969	28%
Aquatics Center	166,917	1,179,260	1,179,260	580,891	8,173	589,064	<u>50%</u>
RECREATION	258,815	2,752,685	2,810,971	896,807	130,719	1,027,526	37%
HUMAN RESOURCES							
Human Resources	31,764	485,417	485,417	104,472	-	104,472	22%
Volunteer Programs	3,673	55,912	55,912	11,018	<u>-</u>	11,018	<u>20%</u>
HUMAN RESOURCES	35,437	541,329	541,329	115,490		115,490	21%
CITY CLERK							
City Clerk	18,307	252,920	277,261	52,415	2,546	54,961	20%
Elections	3,430	100.296	100.296	10.402	2,040	10,402	10%
CITY CLERK	21,737	353,216	377,557	62,817	2,546	65,363	17%
FINANCE	67,788	927,325	927,325	222,365	7,401	229,766	25%
MEDICAL SERVICES	_		5,000		5,000	5,000	n/a
TOTAL CENEDAL COVERNMENT	539,623	5,777,844	5,904,630	1,669,156	254 700	2 020 054	34%
TOTAL GENERAL GOVERNMENT	559,625	5,111,044	5,904,630	1,009,100	351,798	2,020,954	34 /0
II. PUBLIC SAFETY							
POLICE							
PD Administration	40,718	614,784	614,784	123,570	5,500	129,070	21%
Patrol	304,989	4,106,920	4,121,520	904,481	8,258	912,739	22%
Support Services	70,524	949,449	949,449	218,626	5,018	223,644	24%
Emergency Services/Haz Mat	75	46,252	50,264	1,575	4,013	5,588	11%
Special Operations	104,084	1,195,840	1,203,958	322,290	2,049	324,339	27%
Animal Control	8,483	86,078	86,078	19,980		19,980	23%
Dispatch Services	63,595	988,927	989,577	193,332	650	193,982	<u>20%</u>
POLICE	592,468	7,988,250	8,015,630	1,783,854	25,488	1,809,342	23%
FIRE	349,531	4,194,617	4,194,617	1,048,706	-	1,048,706	25%
TOTAL PUBLIC SAFETY	941,999	12,182,867	12,210,247	2,832,560	25,488	2,858,048	23%
III. COMMUNITY IMPROVEMENT							
DADIZ MAINTENANCE	111 000	705 570	700 057	174 507	0.000	100.000	269/
PARK MAINTENANCE	111,803	705,572	706,957	174,567	6,299	180,866	26%
TOTAL COMMUNITY IMPROVEMENT	111,803	705,572	706,957	174,567	6,299	180,866	26%



		THIS						
FUND NO.	FUND/ACTIVITY	MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT C TOTAL TO BUDGET
							•	
V. TRA	NSFERS							
V. IKA	INSFERS							
	Public Safety					-	-	n/a
	Community Center	4,165	50,000	50,000	12,500			
	Info Systems Employee Assistance	-	49,025	49,025	-	-	-	n/a
	Employee Assistance	-			-	-	-	<u>n/a</u>
TO	OTAL TRANSFERS	4,165	99,025	99,025	12,500	-	-	n/a
TOTAL C	GENERAL FUND	1,597,590	18,765,308	18,920,859	4,688,783	383,585	5,059,868	27%
SPECIAL	L REVENUE FUNDS							
OTD	EET MAINTENANCE							
102 5 I K	EET MAINTENANCE Street Maintenance/Traffic	114,729	1,593,914	1,634,616	256,344	181,486	437,830	27%
	Congestion Management	3,297	80,329	80,329	9,862	101,400	9,862	12%
	Street CIP	6,842	44,993	215,532	38,660	173,548	212,208	98%
202 STR	EET MAINTENANCE	124,868	1,719,236	1,930,477	304,866	355,034	659,900	34%
204/205	PUBLIC SAFETY/SUPP.LAW	14 627	47E E20	47E E20	43,880		42 000	25%
.04/205	PUBLIC SAFET 1/SUPP.LAW	14,627	175,520	175,520	43,000		43,880	25 /6
:06 COI	MMUNITY DEVELOPMENT FUND							
	Planning	82,613	1,086,783	1,236,714	232,932	230,824	463,756	37%
	Building	74,643	1,038,955	1,055,719	200,755	120,031	320,786	30%
	PW-Engineering	80,349	1,096,107	1,121,273	198,819	101,845	300,664	<u>27%</u>
206 COI	MMUNITY DEVELOPMENT FUND	237,605	3,221,845	3,413,706	632,506	452,700	1,085,206	32%
207	GENERAL PLAN UPDATE	4,138	60,498	147,742	11,226	214,216	225,442	153%
10	COMMUNITY CENTER	-	-	-	-		-	n/a
215/216	CDBG	2,704	288,007	340,499	25,060	58,897	83,957	25%
220	MUSEUM RENTAL	-	-	-	-		-	n/a
225	ASSET SEIZURE	-	-	-	-	35,519	35,519	n/a
229	LIGHTING AND LANDSCAPE	27,837	14,038	140,038	37,988	34,335	72,323	52%
232	ENVIRONMENT PROGRAMS	42,502	417,937	435,570	119,885	112,623	232,508	53%
234	MOBILE HOME PARK	4,912	5,202	200,545	5,160	190,555	195,715	98%
235 236	SENIOR HOUSING TRUST FUNI HOUSING MITIGATION FUND	-	20,180	20,180	-		-	n/a n/a
236 240	EMPLOYEE ASSISTANCE	2,000	1,015,000 25,000	1,015,000 25,000	5,221	-	5,221	11/a 21%
TOTAL S	PRECIAL REVENUE FUNDS	464 402	6.062.463	7 044 277	4 495 702	4 452 970	2 620 674	2.40/
IUIALS	SPECIAL REVENUE FUNDS	461,193	6,962,463	7,844,277	1,185,792	1,453,879	2,639,671	34%
CAPITAL	L PROJECT FUNDS							
01	PARK DEVELOPMENT	1,396	2,062,944	2,088,273	29,023	87,967	116,990	6%
02	PARK MAINTENANCE	-	150,000	150,000	-		-	n/a
03	LOCAL DRAINAGE	128	2,001,536	2,001,536	384	40.000	384	0%
04	LOCAL DRAIN. NON-AB1600	810	841,669	854,739	1,088	18,070	19,158	2%
05 06	OFF STREET PARKING OPEN SPACE	-	-	-	492		492	n/a
09	TRAFFIC MITIGATION	- 14,435	1,050,000	1,480,879	492 42,957	435,578	492 478,535	32%
11	POLICE MITIGATION	495	88,937	98,937	1,484	10,000	11,484	32% 12%
13	FIRE MITIGATION	115	101,380	110,481	345	9,101	9,446	9%
317	RDA BUSINESS ASSISTANCE	461,326	13,453,262	17,055,235	2,279,714	2,904,081	5,183,795	30%
27/328	RDA HOUSING	109,355	5,824,189	5,846,002	253,884	78,762	332,646	6%
46	PUBLIC FAC.NON AB1600	22,694	553,000	1,117,315	124,307	450,516	574,823	51%
47	PUBLIC FACILITIES	114	1,365	11,115	341	9,750	10,091	91%
48	LIBRARY IMPACT	17	1,000,202	1,000,202	51	3,730	51	0%
50	UNDERGROUNDING	33	375,390	407,287	98	31,897	31,995	8%
860	COMM/REC CTR IMPACT	-	50,000	50,000	-	,	-	n/a
				·				
OTAL C	CAPITAL PROJECTS FUNDS	610,918	27,553,874	32,272,001	2,734,168	4,035,722	6,769,890	21%



City of Morgan Hill Year to Date Expenses - Fiscal Year 2004/05 For the Month of September 2004 25% of Year Completed

			23/0 Of Teal	oompieted				
		THIS						
FUND		MONTH						PERCENT C
NO.	FUND/ACTIVITY	ACTUAL	ADOPTED	AMENDED	YTD	OUTSTANDING	TOTAL	TOTAL TO
		EXPENSES	BUDGET	BUDGET	EXPENSES	ENCUMBRANCE	ALLOCATED	BUDGET
DEBT S	ERVICE FUNDS							
539 542	MORGAN HILL BUS. PARK A.D	-	-	-	-	-	-	n/a
542	SUTTER BUS. PARK A.D.	-	404.000	404.000	440.000	-	-	n/a
545 	COCHRANE BUS. PARK A.D.	655	194,200	194,200	146,290	-	146,290	75%
551	JOLEEN WAY A.D.	26,655	39,561	39,561	28,115	-	28,115	71%
TOTAL I	DEBT SERVICE FUNDS	27,310	233,761	233,761	174,405	-	174,405	75%
ENTERF	PRISE FUNDS							
SEWER								
640	SEWER OPERATION	148,428	6,450,819	6,529,282	2,364,224	159,516	2,523,740	39%
641	CAPITAL EXPANSION	2,376	3,556,745	3,616,298	145,052	51,501	196,553	5%
642	SEWER RATE STABILIZATION	176	2,117	2,117	529	2.,201	529	25%
643	SEWER-CAPITAL PROJECTS	172,173	472,539	698,940	186,833	536,834	723,667	104%
	SEWER FUND(S)	323,153	10,482,220	10,846,637	2,696,638	747,851	3,444,489	32%
MATED								
NATER	Water Operations Division	584,194	6,541,316	6,812,203	1,204,317	429,942	1,634,259	24%
	Meter Reading/Repair	27,024	719,352	743,447	1,204,317	24,000	130,485	18%
	Utility Billing	46,374	392,283	392,283	94,182	17,195	111,377	28%
	Water Conservation	4,289	59,466	64,711	10,999	2,513	13,512	21%
								24%
50	WATER OPERATIONS	661,881	7,712,417	8,012,644	1,415,983	473,650	1,889,633	
551	CAPITAL EXPANSION	20,418	2,845,226	2,937,456	52,074	441,189	493,263	17%
552	WATER CARITAL PROJECTS	41	493	493	123	000 004	123	25%
553 FOTAL \	WATER-CAPITAL PROJECTS WATER FUND(S)	43,873 726,213	1,115,923 11,674,059	1,702,745 12,653,338	136,110 1,604,290	232,834 1,147,673	368,944 2,751,963	<u>22%</u> 22%
	. ,							
TOTAL	ENTERPRISE FUNDS	1,049,366	22,156,279	23,499,975	4,300,928	1,895,524	6,196,452	26%
	141 OFFINAL TUNIO							
IN I ERN	IAL SERVICE FUNDS							
730	INFORMATION SERVICES	61,722	430,970	450,489	106,550	261,792	368,342	82%
740	BUILDING MAINTENANCE	127,888	1,343,445	1,343,445	255,662	17,089	272,751	20%
' 45	CIP ENGINEERING	87,463	1,395,765	1,431,786	237,729	45,841	283,570	20%
'60	UNEMPLOYMENT	-	55,000	55,000	-		-	n/a
70	WORKERS COMPENSATION	67,889	767,200	789,775	255,997	20,825	276,822	35%
'90	EQUIPMENT REPLACEMENT	131	187,240	187,240	393		393	0%
'93	CORP YARD COMMISSION	15,332	130,200	173,212	16,945	42,506	59,451	34%
95	GEN. LIABILITY INSURANCE		427,700	427,700	305,463	-	305,463	71%
TOTAL I	INTERNAL SERVICE FUNDS	360,425	4,737,520	4,858,647	1,178,739	388,053	1,566,792	32%
AGENC	Y FUNDS							
841	MORGAN HILL BUS RANCH I	31	-	-	299,893	-	299,893	n/a
342	MORGAN HILL BUS RANCH II	31		-	31	-	31	n/a
343	MORGAN HILL BUS RANCH 98		893,395	893,395	648,719	37,946	686,665	77%
344	MH RANCH RSMNT 2004A	655	598,873	598,873	2,579	-	2,579	0%
345	MADRONE BP-TAX EXEMPT	2,200	800,730	800,730	499,158	-	499,158	62%
346	MADRONE BP-TAXABLE	2,200	175,480	175,480	99,380	-	99,380	57%
348	TENNANT AVE BUS PARK AD	-	-	-	-	-	-	n/a
881	POLICE DONATION TRUST	-	-	-	-	-	-	n/a
OTAL	AGENCY FUNDS	6,078	2,468,478	2,468,478	1,549,760	37,946	1,587,706	64%
REPORT	T TOTAL	4,112,880	82,877,683	90,097,998	15,812,575	8,194,709	23,994,784	27%
		.,,	,,	,,	, ,	-,		,.



City of Morgan Hill Enterprise Funds Report - Fiscal Year 2004/05 For the Month of September 2004 25% of Year Completed

YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

	Sewer Operations				Water Operations			
			% of	Prior			% of	Prior
	Budget	YTD	Budget	YTD	Budget	YTD	Budget	YTD
Operations								
Revenues								
Service Charges Meter Install & Service	\$ 5,459,000	\$ 1,361,140	25%	,,,,,,,,	\$ 5,821,375 40,000	\$ 2,388,224 38,166	41% 95%	17,830
Other	110,500	42,130	38%	39,299	279,688	214,587	77%	550,815
Total Operating Revenues	5,569,500	1,403,270	25%	1,390,266	6,141,063	2,640,977	43%	2,967,273
Expenses								
Operations Meter Reading/Repair Utility Billing/Water Conservation	4,682,409	1,045,234	22%	1,039,495	4,750,307 637,156 399,783	1,099,317 106,485 105,181	23% 17% 26%	1,456,175 97,995 86,308
Total Operating Expenses	4,682,409	1,045,234	22%	1,039,495	5,787,246	1,310,983	23%	1,640,478
Operating Income (Loss)	887,091	358,036		350,771	353,817	1,329,994		1,326,795
Nonoperating revenue (expense)								
Interest Income Interest Expense/Debt Services Principal Expense/Debt Services	59,437 (573,410) (975,000)	· /	1% 50% 100%	(297,135)	, , ,		24%	4,175 - -
Total Nonoperating revenue (expense)	(1,488,973)	(1,263,900)		(1,412,135)	(536,697)	4,040		4,175
Income before operating xfers	(601,882)	(905,864)		(1,061,364)	(182,880)	1,334,034		1,330,970
Operating transfers in Operating transfers (out)	(220,000)	- (54,500)	25%	- - (228,321)	2,500,000 (420,000)	- (105,000)	25%	261,446 (259,966)
Net Income (Loss)	\$ (821,882)	\$ (960,364)		\$ (1,289,685)	\$ 1,897,120	\$ 1,229,034		\$ 1,332,450



City of Morgan Hill Balance Sheets - Water and Sewer Funds For the Month of September 2004 25% of Year Completed

	Sewer Operations (640)	Sewer Expansion Stabilization Capital Projects (641-643)	Water Operations (650)	Water Expansion Stabilization Capital Projects (651-653)
ASSETS				
Cash and investments:				
Unrestricted	2,741,728	6,536,804	3,647,703	3,246,003
Restricted ¹	1,894,170	5,971,298	390,638	(69,017)
Accounts Receivable		8,420		589
Utility Receivables	616,669		979,918	
Less Allowance for Doubtful Accounts	(16,091)	44.047	(19,501)	
Notes Receivable ² Fixed Assets ³	24 404 245	11,017	22 070 774	10.250.246
Fixeu Assets	31,101,345	11,110,295	23,970,774	10,359,246
Total Assets	36,337,821	23,637,834	28,969,532	13,536,821
LIABILITIES				
Accounts Payable and Accrued Liabilities Deposits for Water Services & Other Deposits Deferred Revenue 4	728,529	110,628	75,292 45,088	
Bonds Payable	24,275,000		5,830,437	
Discount on Bonds and Other Liabilities	(2,565,506)		(978,154)	273,763
Accrued Vacation and Comp Time	53,326		91,552	
Total liabilities	22,491,349	110,628	5,064,215	273,763
FUND EQUITY				
Contributed Capital Retained Earnings	7,735,831		14,356,292	
Reserved for:				
Noncurrent water/sewer assets & debt	9,338,526	11,110,295	19,300,703	10,359,246
Encumbrances	159,516	588,335	473,650	674,023
Notes Receivable Restricted Cash	1 904 170	11,017	390,638	
Restricted Casil	1,894,170		390,030	
Total Reserved Retained Earnings	11,392,212	11,709,647	20,164,991	11,033,269
Unreserved Retained Earnings	2,454,260	11,817,559	3,740,326	2,229,789
Total Fund Equity	13,846,472	23,527,206	23,905,317	13,263,058
Total Liabilities and Fund Equity	36,337,821	23,637,834	28,969,532	13,536,821

Restricted for Bond Reserve requirements and capital expansion.
 Includes Note for Sewer Financing Agreements.
 Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

⁴ Includes the deferred payment portion of the loans noted above.



City of Morgan Hill Balance Sheets for Major Funds - Fiscal Year 2004/05 For the Month of September 2004 25% of Year Completed

L/M Housing

Sewer

Water

RDA

	(Fund 010)	(Fund 317)	(Fund 327/328)	(Fund 640)	(Fund 650)
ASSETS	(contact)	(1 2222 2 2 2)	(* ************************************	(* 2.1.2. 2.1.2)	(* 3323 555)
Cash and investments:					
Unrestricted	10,107,935	2,435,770	6,759,571	2,741,728	3,647,703
Restricted ¹	6,150	_,,,,,,,,	5,7.55,57.7	1,894,170	390,638
Accounts Receivable	918,839	4,142	33,323	.,,	555,555
Utility Receivables (Sewer and Water)				616,669	979,918
Less Allowance for Doubtful Accounts				(16,091)	(19,501)
Loans and Notes Receivable ²	437,318	3,613,535	27,097,248		273,763
Prepaid Expense Fixed Assets ³	21,343	74.040		04 404 045	00 070 774
Fixed Assets		71,049		31,101,345	23,970,774
Total Assets	11,491,585	6,124,496	33,890,142	36,337,821	29,243,295
LIABILITIES					
Assessments Develope and Assessed Linkillities	4 450 420	24.040	40.040	700 500	75 202
Accounts Payable and Accrued Liabilities Deposits for Water Services & Other Deposits	1,450,139 81,891	24,946	19,949	728,529	75,292 45,088
Deferred Revenue 4	669,930	1,385,072	6,826,467		40,000
Bonds Payable	333,333	1,000,012	5,526, 161	24,275,000	5,830,437
Discount on Bonds and Other Liabilities				(2,565,506)	(978,154)
Accrued Vacation and Comp Time				53,326	91,552
Total liabilities	2,201,960	1,410,018	6,846,416	22,491,349	5,064,215
FUND EQUITY					
Contributed Capital				7,735,831	14,356,292
Fund Balance / Retained Earnings					
Reserved for:					
Noncurrent water/sewer assets & debt				9,338,526	19,300,703
Encumbrances	383,585	2,904,081	78,762	159,516	473,650
Restricted Cash				1,894,170	390,638
RDA properties held for resale		71,049			
Loans and Notes Receivable		2,228,463	20,270,782		
Total Reserved Fund Equity	383,585	5,203,593	20,349,544	11,392,212	20,164,991
Designated Fund Equity ⁵	4,109,213				
Unreserved/Undesignated Fund Equity	4,796,827	(489,115)	6,694,182	2,454,260	4,014,089
Total Fund Equity	9,289,625	4,714,478	27,043,726	13,846,472	24,179,080
Total Liabilities and Fund Equity	11,491,585	6,124,496	33,890,142	36,337,821	29,243,295

General Fund

¹ Restricted for Petty Cash use, Bond Reserve requirements and sewer and water capital expansion.

² Includes Housing Rehab loans, Financing Agreements for Public Works Fees and loans for several housing and Agency projects.

³ Includes Water and Sewer infrastructure, the City's share of the Wastewater treatment plant and RDA properties held for resale.

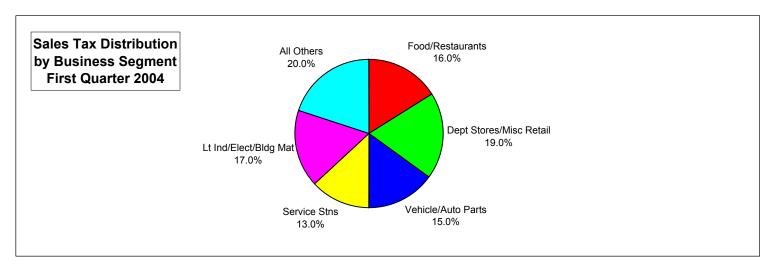
⁴ Includes the deferred payment portion of the loans noted above.

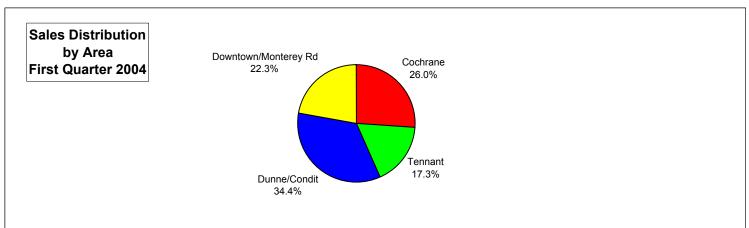
⁵ Designated for economic uncertainty, emergencies, and Fire Master Plan implementation



City of Morgan Hill
Sales Tax Comparison - Fiscal Year 2004/05
For the Month of September 2004
25% of Year Completed

Amount Collected for Month for Fiscal Year		Amount Colle	ected YTD for	for Fiscal Year Comparison		on of YTD for fiscal years		
Month	04/05	03/04	02/03	04/05	03/04	02/03	04/05 to 03/04	04/05 to 02/03
								·
July	\$307,500	\$338,300	\$367,600	\$307,500	\$338,300	\$367,600	(30,800)	(60,100)
August	\$401,200	\$451,000	\$447,000	\$708,700	\$789,300	\$814,600	(80,600)	(105,900)
September	\$518,724	\$232,994	\$361,932	\$1,227,424	\$1,022,294	\$1,176,532	205,130	50,892
October		\$316,100	\$354,915		\$1,338,394	\$1,531,447		
November		\$421,400	\$474,800		\$1,759,794	\$2,006,247		
December		\$331,624	\$384,154		\$2,091,418	\$2,390,401		
January		\$349,500	\$368,600		\$2,440,918	\$2,759,001		
February		\$428,600	\$487,195		\$2,869,518	\$3,246,196		
March		\$292,930	\$225,908		\$3,162,448	\$3,472,104		
April		\$340,500	\$292,698		\$3,502,948	\$3,764,802		
May		\$385,525	\$394,500		\$3,888,473	\$4,159,302		
June		\$261,782	\$477,624		\$4,150,255	\$4,636,926		
Year To Da	ate Totals			\$1,227,424	\$4,150,255	\$4,636,926		
Sales Tax I	Budget for Year			\$4,600,000	\$4,650,000	\$5,330,000		
Percent of	Budget			27%	89%	87%		
	increase(decreas	e)					20%	4%







Agenda	item	#	4

Prepared By:

Public Works Director

Submitted By:

City Manager

APPROVAL OF PROFESSIONAL SERVICES AGREEMENT FOR FLOW MONITORING FOR TRUNK SEWER DESIGN

RECOMMENDED ACTION(S): Approve the attached proposal from V & A Consultants for a not-to-exceed fee of \$51,500 for flow monitoring and authorize the City Manager to execute a professional services agreement on behalf of the City, subject to review and approval of the City Attorney.

EXECUTIVE SUMMARY: As Council is aware, a capital project in the current Five Year CIP calls for preliminary design for added capacity in our trunk sewer interceptor from the City of Morgan Hill to the wastewater treatment plant in Gilroy. A task needed for that preliminary design is accurate sewer flow monitoring to verify existing flow in the various reaches of our trunk sewer. The attached proposal from V & A Consultants for a fee not to exceed \$40,000 would provide for the installation of three meters and monitoring for three months with an optional one month additional service of \$11,500. It is our hope to have the flow meters installed during the first week of November and if substantial rain falls before the end of February, we will not need the added one month service, however, we may need to extend the contract for one month depending on the timing of this winter's rains.

V & A Consultants have provided sewer flow measuring as well as other work for the City in the recent past, and staff has been pleased with the work V & A Consultants and recommends the approval of the attached proposal.

FISCAL IMPACT: The trunk sewer preliminary design is currently fully funded in this year's budget and no further appropriation is necessary at this time (CIP #308094).



CITY COUNCIL STAFF REPORT MEETING DATE: OCTOBER 27, 2004

RESOLUTION SUPPORTING GRANT APPLICATION FOR ENVIRONMENTAL ENHANCEMENT AND MITIGATION FUNDS FOR BUTTERFIELD LINEAR PARK EXTENSION

RECOMMENDED ACTION(S):

1. Adopt the attached Resolution supporting the grant application for the Butterfield Linear Park Extension project for the Environmental and Enhancement Mitigation (EEMP) 2005-2006 funding cycle.

Agenda Item #5
Prepared By:
Associate Engineer
Approved By:
Public Works Director
Submitted By:
City Manager

EXECUTIVE SUMMARY: On August 16, 2004, the State of California Resources Agency issued a Call-For-Projects for the 2005/2006 grant cycle. The EEMP was first established in 1989 by the Legislature and offers a total of \$10 million each year for grants to local, state, and federal agencies, including non-profit organizations for projects to mitigate the environmental impacts caused by new transportation facilities. State gas tax monies fund the program and projects are limited to \$250,000 each. Projects must be started by July 1, 2005 and be completed in three years.

Grant funds are awarded in three categories; Highway Landscape and Urban Forestry, Resource Lands, and Roadside Recreation. Highway Landscape and Urban Forestry projects are designed to improve air quality through the planting of trees and other sustainable plants. Resource Land projects are for the acquisition, restoration, or enhancement of watersheds, wildlife habitat, wetlands, forests, or other natural areas. Roadside Recreation projects include the acquisition and development of roadside recreational opportunities.

Staff recommends submitting an application for EEMP funds for extending Butterfield Linear Park, between Main Avenue and Central Avenue, under the Roadside Recreation category. Roadside Recreation applications will be scored on a point system as follows; increased mitigation and enhancement (0-20 points), Statewide goals and contribution (0-20 points), project readiness (0-15 points), need for project (0-30 points), sustainability (0-10 points) and other benefits and community participation (0-5 points). The proposed improvements include an asphalt pedestrian pathway, irrigation and landscaping. The improvements will provide a safe passage for pedestrians traveling along Butterfield, between Main and Central. Construction is estimated to cost \$120,000 with no required funding match requirement. The Bicycle Trails Advisory Committee (BTAC) reviewed the project submittal at its October 21, 2004 meeting.

FISCAL IMPACT: Funds for this project are currently earmarked in the Five Year CIP in 2005-2006 in the amount of \$24,000 (301) for design and administration purposes. If the City receives the funding, staff will begin working on this project in July 2005.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL SUPPORTING APPLICATION FOR ENVIRONMENTAL ENHANCEMENT AND MITIGATION PROGRAM UNDER THE SECTION 164.56 OF THE STREETS AND HIGHWAY CODE FOR BUTTERFIELD LINEAR PARK EXTENSION

WHEREAS, the legislature of the State of California has enacted AB 471 (Chapter 106 of the Statutes of 1989), which is intended to provide \$10 million annually for a period of 10 years for grant funds to local, state and federal agencies and non-profit entities for projects to enhance and mitigate the environmental impacts of modified or new public transportation facilities; and

WHEREAS, the Resources Agency has established the procedures and criteria for reviewing grant proposals and is required to submit to the California Transportation Commission a list of recommended projects from which grant recipients will be selected; and

WHEREAS, said procedures and criteria established by the Resources Agency require a resolution certifying the approval of application by the applicant's governing body before submission of said application to the State; and

WHEREAS, the application contains assurances that the City must comply with; now

THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill, that if selected, the City of Morgan Hill will enter into an agreement with the State of California to carry out the environmental enhancement and mitigation project; and

AND BE IT FURTHER RESOLVED that the City Council of the City of Morgan Hill;

- 1. Approves the filing of an application for the Environmental Enhancement and Mitigation Program for grant assistance.
- 2. Certifies that City will make adequate provisions for operation and maintenance of the project.
- 3. Appoints the City Manager, J. Edward Tewes as agent of the City of Morgan Hill to conduct all negotiations, execute and submit all documents, including, but not limited to applications, agreements, amendments, payment requests and so on, which may be necessary for the completion of the aforementioned project.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held on the 27th Day of October, 2004 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

***** CERTIFICATION *****

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City Council at a Special Meeting held on October 27, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
·	IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT MEETING DATE: OCTOBER 27, 2004

AWARD OF SIGNING AND STRIPING FOR CLASS II BIKEWAYS PROJECT

RECOMMENDED ACTION(S):

- 1. Award contract to Linear Options Inc. for the construction of the Signing and Striping for Class II Bikeways Project in the amount of \$52,230.
- 2. Authorize expenditure of construction contingency funds not to exceed \$5,223.
- 3. Appropriate \$40,000 from the current year un-appropriated Street Fund (202) balance to cover non-grant related costs associated with this project.

Agenda Item # 6 Prepared By: Associate Engineer Approved By: Public Works Director Submitted By: City Manager

EXECUTIVE SUMMARY:

On November 20, 2002, City Council supported an application for grant funding through the California Department of Transportation's (Caltrans) Bicycle Transportation Account (BTA) and appropriated a 10% construction match from the un-appropriated Street Fund balance. In addition, the City would also be responsible for costs associated with planning and design services. In January 2004, the City's project was approved by Caltrans for the 2003/2004 BTA funding cycle. The approved reimbursement ratio is 81.3% or a maximum amount of \$70,000 towards the total project cost.

The scope of the work for this project includes installing Class II bike lane striping and markings along; 1) Monterey Road, between Burnett Avenue and Main Avenue, 2) Cochrane Road, between Monterey and Sutter, 3) Sutter Boulevard, between Cochrane and Butterfield, 4) Butterfield Boulevard, between Cochrane and San Pedro, and 5) Dunne Avenue, between Bayo Claros and Gallop Drive.

The bid opening was held on October 12, 2004 and the bids received are as listed below. The low bidder has many years of experience in signing and striping related work but has not previously performed work directly for the City of Morgan Hill. They have, however, performed work as a subcontractor on City projects in 1996, 2002 and 2003. Staff recommends award of the contract to Linear Options, Inc. This project is scheduled to begin in November 2004 and be completed by February 2005. Linear Options Inc.'s bid was 13% lower than the engineer's estimate of \$60,000.

Linear Options Inc. \$52,230 Chrisp Company \$70,441

FISCAL IMPACT: The total construction cost for this project (#533004) is estimated at \$57,453, which includes a 10% contingency of \$5,223. The total project cost is currently estimated at \$90,000 and the entire amount will need to be initially funded from the current year un-appropriated Street Fund (202) balance. Throughout the construction process, the City will receive reimbursement payments which will be returned to the Street Fund. It is estimated that the City's total contribution towards this project will be \$40,000, which will be funded by the current year un-appropriated Street Fund Balance.



CITY COUNCIL STAFF REPORT MEETING DATE: OCTOBER 27, 2004

AWARD OF JACKSON OAKS BOOSTER STATION REHABILITATION PROJECT

RECOMMENDED ACTION(S):

- 1. Appropriate \$40,000 from the current year unappropriated Water Fund Balance (653) into CIP project number 610093.
- 2. Award contract to Trinet Construction, Inc. for the construction of the Jackson Oaks Booster Station Rehabilitation Project in the amount of \$1,026,025.
- 3. Authorize expenditure of construction contingency funds not to exceed \$102,602.

EXECUTIVE SUMMARY: The scope of work for this project includes the construction of a new booster station building including all new pumps, motors, motor controls and approximately 3000 lineal feet of new 12-inch water pipeline replacing an existing 8-inch pipeline.

The bid opening was held on October 7, 2004 and the bids received are as listed below. The low bidder has many years of experience in various pump and booster stations work and has previously performed work for the City of Morgan Hill. Staff recommends award of the contract to Trinet Construction, Inc. This project is scheduled to begin in November, 2004 and be completed by August, 2005. Low bidder's bid was 9% higher than the engineer's estimate of \$ 925,000.

Trinet Construction, Inc	\$1,026,025
Bamer Construction Company	\$1,053,000
Lewis & Tibbits	\$1,098,050
Mcguire & Hester	\$1,120,700
W.M. Lyles	\$1,137,190
West Valley	\$1,176,375
ESR Construction	\$1,221,690
Vulcan Construction	\$1,249,200
O.C. Jones	\$1,376,850

FISCAL IMPACT: The total contract cost for this project is \$1,128,627, which includes a 10% contingency of \$102,602. The project is funded in the 2004-2005 Capital Improvement Program budget under the following three projects: Booster Pump Rehabilitation, Project #607093 with the budget of \$700,000, Water Main Replacement, Project #610093 with the budget of \$290,000 and \$98,650 from New Water Mains, Project #603093. Staff requests that Council approve an appropriation of \$40,000 from the unappropriated Water fund (653) to fully fund this project.

Agenda Item # 7
Prepared By:
Senior Civil Engineer
Approved By:
Public Works Director
Submitted By:
City Manager



Agenda Item # 8

Manager, Recreation & Community Services

Submitted By:

City Manager

YMCA FRIENDLY INN LEASE AND SENIOR CENTER OPERATOR CONSULTANT AGREEMENTS

RECOMMENDED ACTION(S):

Authorize the City Manager to Execute a Contract in the amount of \$75,000 for the operation of the senior center and enter into a one-year extension lease for the use of the Friendly Inn with the YMCA of Santa Clara Valley.

EXECUTIVE SUMMARY:

The City and the Mt. Madonna YMCA Branch have cooperated in providing the Friendly Inn as a facility for the branch to operate out of. The Mt. Madonna YMCA has also provided contractual services through the operation of the senior center. These functions are presented as attachments A (lease) and B (consultant agreement). The lease period is for two years with an option to a 1-year lease as the completion of the Indoor Recreation Center approaches.

As noted in a Council staff report dated August 21, 2002, it is anticipated that the Mt. Madonna YMCA will maintain operation of the senior center until such time that the senior program moves into the new Indoor Recreation Center. At that time, the City's Recreation and Community Services Division will resume responsibility for the operation of the senior services wing. It is also planned that the Mt. Madonna YMCA will continue to operate in some capacity out of the Friendly Inn.

FISCAL IMPACT: \$75,000 for operating the senior center is budgeted for FY 04-05.



Interim Use Permit UP: 04-07- Depot-Dayworker Center RECOMMENDED ACTION(S):

1. Adopt exit plan by minute action

EXECUTIVE SUMMARY: On June 16, 2004, the Council conditionally approved an interim use permit for the day worker center on the northeast corner of Depot Street and E. Main Avenue. As a condition of approval, the Council required the applicant to receive Council approval of the exit plan that met the requirements of Municipal Code 18.54.210I prior to certificate of occupancy. Specifically, the Council required clarification of the availability of economic resources sufficient to move to an alternative site and a plan for moving operations to an alternative site.

Agenda Item # 9
Prepared By:
Associate Planner
Approved By:
Planning Manager
Submitted By:
City Manager

In order to ensure sufficient resources for operating the Dayworker center, the applicant is proposing to create a finance committee that will research, plan, and execute fundraising efforts. The Committee will be created in November 2004 and have its first meeting in January 2005. Some of the fundraising efforts being considered include a sit down dinner, a Cinco de Mayo celebration, city, county, and federal grants, corporate sponsorship, and an on-going membership drive.

In addition, the applicant is proposing to create a site committee to consider the feasibility of different sites for the Dayworker center. The site committee is expected to select a site by January 2006 and the center will move from the Depot Street site by June 2006.

The applicant, working with staff, and Planning Commission member Joe Mueller, revised the exit plan. The exit plan provides more detail information regarding economic resources to operate the Dayworker center and plans to move the center. The exit plan meets the requirement of Municipal Code 18.54.210I. Staff recommends approval of the revised exit as submitted by the applicant.

FISCAL IMPACT: No budget adjustment required.

R:\PLANNING\WP51\Use Entitlments\UP\2004\UP-04-07 Depot-Dayworker Center\0407M2C.doc



COMM	UNIT	Y &	CULT	URAL	CENTE	ER &	PLAY	HOUSE
								DLICIES
AND R	ATES							

Age	enda Item # 10
Pre	epared By:
Ma	nager, Recreation &
Co	mmunity Services
Sul	omitted By:
Cit	v Manager

RECOMMENDED ACTION(S):

Direct Staff to incorporate the proposed changes to non-profit rental use, rental rates, and policies as outlined in the report.

EXECUTIVE SUMMARY:

The Community and Cultural Center staff continues to adjust and apply measures that will increase our success in attaining our goal of 70% plus cost recovery and 100% customer service satisfaction. We also understand the unique challenges of the non-profit organizations that desire to use the CCC as a fund-raising and event venue.

We have made adjustments towards fulfilling the requests of non-profit groups over the course of the renting history of the CCC. For example, we have opened the hallways for non-profit use as adjacent space for their event requirements, worked with the Morgan Hill Rotary Club to expand usable free community space in the Rose Garden, and provide access to restrooms so temporary restrooms are no longer required with amphitheater rentals. The proposed changes are results of evaluations and discussions with users after the completion of their event. The most significant are:

- 1. Proposed lower rental fees for all user groups of the amphitheater;
- 2. Increasing available room rental times for youth and senior groups at \$1/person/per use during non-prime time hours;
- 3. Decorating time available to non-profit organizations at \$25/hr./3 hours prior to the event/ within 21 days of their event;
- 4. Allocating exclusive kitchen use with the Hiram Morgan Hill room rental for non-profit groups;
- 5. Non-profit rate for prime time Friday (after 5pm) has been corrected to reflect the \$115/hr. rate;
- 6. Playhouse meeting use fees are proposed to be equal to the CCC for marketing purposes which includes the initial event attendant;
- 7. Playhouse rates are proposed increased for a majority of categories; and
- 8. CCC complete center day rental fee for non-profits proposed at \$2500.

Budgetary, the most significant rate is the day rental fee of the entire CCC as this is being requested on a more frequent basis and has the potential for the most impact on other users. In perspective, there are only a few Saturdays left for next year between April and September 2005 for the Hiram Room.

The Parks and Recreation Commission reviewed the proposed rate sheet and asked staff to take under consideration raising the rates in Table 4: 100% above the base rates in Table 1 as a marketing strategy. There have been no Table 4 users of the facility and staff is recommending the 30% above base rate be applied. Staff is proposing that a review of the impact of these changes be brought back to Council after six months to determine its effectiveness.

FISCAL IMPACT: No budget adjustment required.

CITY OF MORGAN HILL COMMUNITY AND CULTURAL CENTER PLAYHOUSE RENTAL AND SERVICE FEES Proposed Effective 11/01/04

(Proposed changes are in bold and italics)

General Fees that apply to all reservations:

- 1. A non-refundable Reservation Processing Fee of \$25 applies to all reservations.
- 2. A Rental Deposit equal to 50% of total rental fee is due when reservation is made.
- 3. A refundable Security/Damage Deposit is required for rental of:

Large Rooms and *Playhouse Performances and Rehearsals*:

No alcoholic beverages served: \$350 Alcoholic beverages served: \$500 Children's Pavilion \$100 Playhouse other than performances \$100

Room Rental Rates:

Current room rental rates are listed in the tables on the reverse side.

All rental rates include basic set-up, tear-down, janitorial service, A/V set-up, one event attendant at Community Center only, and use of the kitchen (on a non-exclusive basis *except for non-profit organizations renting the Hiram Morgan Hill Room*). Meeting room rentals also include coffee/tea service.

Prime time rental rates apply Friday after 5:00 p.m. & all day Saturday, Sunday and *City approved* Holidays.

Special Services:

Special services are available or may be required based on the size or nature of an event. Large events or those with unusual needs may require additional or specialized staff to make their event a success. These services include:

A/V specialist in attendance at event:

Kitchen Coordinator:

Event attendant in addition to one supplied:

T Specialist for meetings

Special janitorial services

\$30/hr (2 hr. minimum)

\$20/hr (2 hr. minimum)

varies depending on service

varies depending on service

Special rental rates may also be negotiated for special circumstances such as large events that occupy the entire community center facility or occupy large rooms over several consecutive days. *The standard rate for non-profit organization use of the entire center (not including the Playhouse) is \$2500.* Rates will be negotiated based on the type of event, category of user and the overall value of rentable space *and may be adjusted for additional event attendants, equipment and special janitorial services.*

TABLE 1: Morgan Hill Non-Profit & Community Group Discount Rate:

Room Use	Prime Time Rental	Non-Prime Time Rentals
Community Center Rooms	4 hr. min rental	No min. rental
Hiram Morgan Hill Room	Sat & Sun Before 12:00pm \$60/hr Fri after 5:00pm, Sat & Sun after 12:00pm \$115/hr	\$50/hr
El Toro Room	Sat & Sun Before 12:00pm \$40/hr Fri after 5:00pm, Sat & Sun after 12:00pm \$95/hr	\$30/hr
Amphitheater	\$40/hr	\$30/hr
Meeting Rooms	\$35/hr (two hour min. rental)	\$30/hr
Community Playhouse	4 hr. min. rental	
Performances	\$250 (\$245)/performance	\$250 (\$245)/performance
Technical Rehearsals	\$125/rehearsal	\$125/rehearsal
Non-technical Rehearsal	\$30/hr (2 hr. min. rental)	\$30/hr
Meetings	\$35/hr (two hour min. rental)	\$30/hr

TABLE 2: Morgan Hill Residents Discount Rate:

Room Use	Prime Time Rental	Non-Prime Time Rentals
Community Center Rooms	4 hr. min rental	No min. rental
Hiram Morgan Hill Room	\$115/hr	\$75/hr
El Toro Room	\$95/hr	\$55/hr
Amphitheater	\$100 /\$175/hr	\$85 /\$135/hr
Meeting Rooms	\$50/hr (2 hr. min. rental)	\$40/hr
Community Playhouse	4 hr. min. rental	
Performances	\$275 /\$245/performance	\$275 /\$245/performance
Technical Rehearsals	\$137 / \$125/rehearsal	\$137 /\$125/rehearsal
Non-technical Rehearsal	\$35 /\$30/hr (2 hr. min. rental)	\$35 /\$30/hr
Meetings	\$50/hr (2 hr. min. rental)	\$40/hr

TABLE 3: Morgan Hill Businesses Discount Rate:

Room Use	Prime Time Rental	Non-Prime Time Rentals
Community Center Rooms	4 hr. min rental	No min. rental
Hiram Morgan Hill Room	\$120/hr	\$80/hr
El Toro Room	\$100/hr	\$60/hr
Amphitheater	\$105 /\$180/hr	\$90 /\$140/hr
Meeting Rooms	\$50/hr (2 hr. min. rental)	\$40/hr
Community Playhouse	4 hr. min. rental	
Performances	\$300 /\$245/performance	\$300 /\$245/performance
Technical Rehearsals	\$150 /\$125/rehearsal	\$150 /\$125/rehearsal
Non-technical Rehearsal	\$40 /\$30/hr/(2 hr. min. rental)	\$40 /\$30/hr
Meetings	\$55 /\$50/hr (2 hr. min. rental)	\$45 /\$40/hr

TABLE 4: Standard Rate for All Other Users:

Room Use	Prime Time Rental	Non-Prime Time Rentals
Community Center Rooms	4 hr. min rental	No min. rental
Hiram Morgan Hill Room	\$145/hr	\$95/hr
El Toro Room	\$120/hr	\$70/hr
Amphitheater	\$110 /\$220/hr	\$95 /\$170/hr
Meeting	\$60/hr/(2 hr. min. rental)	\$50/hr
Community Playhouse	4 hr. min. rental	
Performances	\$325 /\$245/performance	\$325 /\$245/performance
Technical Rehearsals	\$162 /\$125/rehearsal	\$162 /\$125/rehearsal
Non-technical Rehearsal	\$45 /\$30/hr/(2 hr. min. rental)	\$45 /\$30/hr
Meetings	\$60/hr/(2 hr. min. rental)	\$50/hr

COMMUNITY & CULTURAL CENTER PROPOSED POLICY REVISIONS

Renter rates increased in May 2004 during prime time usage based on cost-recovery goals. It is not the intent of the city to create a financial hardship to non-profit groups who desire to hold events at the Community and Cultural Center (CCC) therefore we are proposing the following revisions to the existing policy:

1). Kitchen

Non-profit groups renting the Hiram Morgan Hill Room shall have exclusive rights to the kitchen if desired, at no extra charge. This will result in users of the other rooms, including the El Toro Room, to be required to contract with a caterer who is completely self-contained. This has occurred in the rental history of these rooms and can be accommodated.

2.) Room Decorating for the CCC and Playhouse

Based on availability, non-profit groups may arrange to enter the rented room, for the purpose of decorating only, 4operational hours prior to their event for a minimum of two and a maximum of four hours at a rate of \$25 per hour. For this rate, reservations must be made but not more than 21 days from the scheduled event for the purpose of decorating as the room(s) will be made available for rent up to this time. If the event user wishes to have a guaranteed reservation in place prior to 21 days for the purposes of decorating, the full hourly room rental fee will be applied.

3.) Non-profit Groups Renting Entire CCC

Day rental to use the entire CCC by non-profits would be \$2500 day.

4.) Damage Deposit Requirement

Rental Damage Deposit will now be due 30 days prior to the event along with the final room rental payment instead of at time of event reservation, which resulted in a large deposit possibly being held by the City for up to one year prior to the event. Security deposit for the date will continue to be collected with the initial reservation.

Currently there is no deposit requirement for reserving the Playhouse when it is used for meetings. There have been a few situations that the Playhouse equipment has been in need of servicing after a user has rented it. \$100 security/ damage refundable deposit for meeting rental purposes is now reflected on the rate sheet.

5.) Youth & Senior Meeting Room Availability

It is the desire of the City to increase usage of the rooms in the CCC among local youth and senior groups. Therefore, the CCC staff is proposing that meeting rooms be available to resident youth and senior groups, based on availability, on the following days and times:

Mondays and Fridays 8-5pm Tuesdays, Wednesdays and Thursdays 8am-8pm

The rooms may be reserved no more than 30 days prior to the meeting date with the rental fee remaining at \$1.00 per person for a maximum three hours per use. This is to ensure that the rooms remain available for full-rate payers. The increased available time is based on staffing of the CCC and does not require additional resources. The special rates for youth and senior groups in a limited rental capacity have been available for approximately seven months with only one youth group taking advantage of this rate. Staff is hopeful that the increased hours will be more conducive to meeting their needs.

Recommendation

Staff recommends that the above changes are made effective November 1, 2004 to enhance renting spaces at the Community and Cultural Center, Playhouse, and Amphitheater.

Submitted for Approval: October 27, 2004

CITY OF MORGAN HILL SPECIAL CITY COUNCIL MEETING MINUTES – OCTOBER 13, 2004

CALL TO ORDER

Mayor Kennedy called the special meeting to order at 5:05 p.m.

ROLL CALL ATTENDANCE

Present: Council Members Sellers, Tate and Mayor Kennedy

Late: Council Member Carr (arrived at 5:07 p.m.)

Absent: Council Member Chang

DECLARATION OF POSTING OF AGENDA

City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

PUBLIC COMMENT

Mayor Kennedy opened the floor to public comment for items not appearing on this evening's agenda. No comments were offered.

WORKSHOP:

1. REVIEW OF THE TRAFFIC IMPACT ANALYSIS FOR THE IMPLEMENTATION OF THE DOWNTOWN PLAN

Council Member Carr entered and took his seat on the Dias.

Planning Manager Rowe presented the staff report, indicating that the Downtown Plan document includes a couple of objectives for Monterey Road: 1) The strong desire to reduce the physical and visual barrier on Monterey Road with regards to uses on either side; and 2) the need to improve pedestrian traffic by slowing traffic through the downtown. He noted that the circulation component of the Plan states that the City is to undertake additional studies to determine whether any street modifications require changes to improve pedestrian safety, increase visual appeal and accommodate the long term circulation improvements and the vision contained in the general plan. He informed the Council that the Downtown Plan has two objectives for implementation: 1) narrowing Monterey Road to one lane in each direction; and 2) the use of other traffic calming techniques. He introduced Jane Bierstedt with Fehr & Peers who would address items 2 and 3 as listed on the agenda

Ms. Bierstedt indicated that she would be focusing her discussions on land use changes and the affects of the land use changes on the transportation system/circulation changes. She presented a power point presentation that looked at existing conditions to determine a base line and future conditions out to 2025

City of Morgan Hill Special City Council Meeting Minutes – October 13, 2004 Page - 2 -

under the current general plan. She stated that a detailed analysis would be required to change Monterey Road from four to two lanes. She addressed the following: 1) intersection levels of service and the analysis associated with traffic at the intersections, looking at the affects on land uses; 2) operational feasibility analysis (focused only on Monterey Road; did not look/evaluate shifting traffic to other faster moving arterials such as Butterfield Boulevard); 3) traffic calming, indicating that Monterey already has some traffic calming devices (intersection bulb out; landscape center median, 25 mph reduced speed area, intense crosswalk and pedestrian refuges found on First and Third Streets); and 4) speed control measures divided into vertical measures (e.g. speed humps, speed tables, raised intersections, midblock pedestrian refuge) and horizontal deflections (e.g., traffic circles/roundabouts, corner bulb outs, chockers, chicanes, crosswalk pavers, in pavement lighting). She indicated that there are additional traffic calming devices such as the elimination of travel lanes, narrow lanes, diagonal parking, special paving, lighting, banners, signage, landscaping, and a pedestrian priority ordinance. She displayed cross sections for the temporary narrowing of Monterey Road from four to two lanes (one lane in each direction) in order to widen sidewalk areas. She indicated that she did not look at Butterfield as an alternative thoroughfare.

Planning Manager Rowe said that should the Council be considering an option that looks at permanent lane reduction, staff would need to go back and perform additional analysis to see how the reduced lane capacity would redistribute the traffic pattern to alternate routes such as Butterfield Boulevard, This would also include an amendment to the general plan as Monterey Road has been designated and consists of a four lane arterial.

City Manager Tewes informed the Council that the consultants came to the conclusion that it is possible to narrow the lanes on a temporary basis and not require an environmental impact report (EIR) nor a change in the General Plan. However, should the Council decide to maintain Monterey Road with one lane in each direction, the City would need to change the traffic standards.

Mayor Pro Tempore Sellers noted that it is being stated that it would cost the City \$260,000 - \$300,000 to narrow Monterey Road on a temporary basis. He inquired whether this cost includes the feasibility studies and all the ancillary items that need to be done, or whether the cost only covers the physical work.

Ms. Bierstedt indicated that the temporary narrowing of Monterey Road would cost approximately \$260,000 and would not require additional environmental work. She stated that permanent narrowing of Monterey Road would require additional environmental review. She indicated that the study shows that a reduction of one lane would work but that sometime after 2010; there would be a violation in the local of service standards contained in the current general plan. The City would need to do something to mitigate the overload in local service standards such as providing an alternate route.

City Manager Tewes said that the traffic analysis determines that it is feasible, on a temporary basis, to reduce Monterey Road to one line in each direction and that no further environmental study would be needed. However, the City needs to complete the current environmental analysis review.

Mayor Pro Tempore Sellers said that should the City accelerate the development of the downtown, as is being advocated by several individuals, it would exacerbate the problem.

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Council Member Tate noted that the study does not address the opening of Butterfield south to Tennant Avenue and that the City expected to move a lot of traffic from Monterey Road in the downtown area to Butterfield Boulevard. He inquired why the transfer of thru traffic from Monterey Road to Butterfield did not occur.

City Manager Tewes noted that Sobrato High School can only be accessed from Monterey Road.

Council Member Carr stated that he did not realize that the City had 22-foot wide medians on Monterey Road in the downtown area. He felt that the goal could be achieved by reducing the median to eight feet, doubling the size of the sidewalks while keeping the bike lanes and two lanes of traffic in each direction along with parking. He noted that bike lanes have been added to each of the cross sections that do not exist today.

Bob Eltgroth said that a four foot bike lane would not be safe as individuals would be opening car doors.

Bruce Cumming stated that from a public safety standpoint, narrowing the lanes on Monterey Road from four to two lanes would not be a problem as the police department would still be able to access the downtown area. He did not believe that there would be significant delays associated with a lane reduction. One concern with narrowing Monterey Road is where the traffic would be shifted (e.g., residential neighborhoods). The police department tends to receive more complaints about speeding on other streets when traffic shifts to other streets. He felt that one of the traffic calming devices is enforcement as it is an effective tool. He stated that it seems as though you can never have enough police officers to make a difference. It was his belief that the general concept of narrowing the street does tend to slow individuals down. He has seen examples of traffic claming devices where speed humps were used that tend to slow traffic down. He did not believe that speed humps would impact the police department in terms of response time, if constructed right. Regarding the use of embedded lights, he felt that they were effective at getting individuals' attention in downtown areas. He agreed that the downtown could have some sort of identify when you enter the downtown area. He felt that the crosswalks could be better defined as he does not see the sidewalks standing out in this community.

Mayor Kennedy felt that something as simple as having a reduced speed zone would help. He did not believe that the downtown has reduced speed signs posted.

Don Jarvis, County Fire Department, expressed concern with the plan to reduce Monterey Road from four to two lanes. He stated that the County Fire Department's deployment system in Morgan Hill is built around Monterey Road as a primary north/south response route. The El Toro Station located north of town and the California Department of Forestry (CDF) south of town use Monterey Road as a direct access. If the Fire Department slows down response times on Monterey Road, it would result in a big impact, particularly to the south and west sides of Morgan Hill. He indicated that traffic calming devices tend to slow down response times. He stated that the Council and city staff knows how important response times are to the Fire Department. The Fire Department typically deals with traffic calming in residential streets. In these cases, it is usually a small neighborhood and a small number of individuals who are affected. When you are talking about a primary response group, you are talking about the Fire Department's ability to serve a good portion of Morgan Hill that will be impacted by traffic calming

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measures. He said that speed humps, traffic circles, and active traffic calming measures would slow the Fire Department down by as much as 10 seconds per each device. Adding six traffic calming devices would slow the Fire department down by a minute just to get through the downtown area, noting that a minute can be a significant amount of time. He expressed concern with the number of cars that would be in a six block section at any given time. He said that part of the challenge is getting from point A to point B. If there is one lane of traffic in each direction on Monterey Road at a crawl, the Fire Department will not be able to get to an emergency call. He noted that the Fire Department does not have an alternate response route north or south, noting that Butterfield Boulevard is three blocks to the east and that it would take 3-5 blocks to get back onto Monterey Road. He said that an alternate route does not exist west of Monterey Road that can be used to get to the south end of town. He indicated that anything the City does to Monterey Road to slow traffic down would have a significant impact to the Fire Department.

Mayor Pro Tempore Sellers did not see the use of speed humps as being feasible in the downtown because it is a pedestrian oriented area. However, he felt that other traffic calming measures such as speed tables would have minimal impacts.

Mr. Jarvis noted that fire apparatuses are big and heavy and that they do not handle like sports cars. He said that the best response time can be made on a flat/straight stretch of road. When fire apparatuses have to slow down and go over speed humps, it takes time to increase speeds again. He said that the wear and tear on vehicles would be a side issue. He indicated that the Fire Department does not have experience with speed tables and raised intersections. He said that a study was done in Portland and that it was found that traffic circles were the worst in terms of delaying response times. He said that chokers are a problem because it may result in blowing a tire, placing the fire engine out of service. He said that the Fire Department does not find these traffic calming measures acceptable. He said that the Fire Department deals with speed humps in other cities even though they do not like them.

Council Member Carr said that the City's Fire Master Service Plan includes a fire station near Diana Avenue and Butterfield Boulevard. He inquired how the opening of this fire station would affect the Fire Department's delivery system based on this spine of Monterey Road. He felt that this fire station would change the concern about response times.

Mr. Jarvis said that when you talk about response time, you are talking about the arrival of the first unit. He said that many of the calls for medical services are handled by one unit. Therefore, the arrival of the first unit is a good bench mark to use. He stated that the third station in the center of the City would positively impact the response time. However, the other part of the equation is the Fire Department's ability to assemble an effective fire fighting force at the scene. This would require the arrival of the second and third units, and when possible, a fourth unit at the scene to stop the progress of a fire. The assembly of an effective fire fighting force will rely upon moving equipment down the same transportation corridor currently being used. The addition of this station will have many beneficial effects on the City but that it would not change the fact that the system is designed on the Monterey corridor for response.

Mayor Kennedy noted that it was stated that problems are associated with calls to the south and west of the City. He did not know why an emergency vehicle heading south could not use Butterfield Boulevard.

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Mr. Jarvis indicated that Engine 12 from the El Toro Fire Station heading south has no alternative but to use Monterey Road. He expressed concern with the affects associated with Main and Dunne Avenues as the Fire Department needs to use Main Avenue to get over to Butterfield Boulevard, heading south and east. He expressed concern that as traffic backs up on Monterey Road the Fire Department will not be able to get through this intersection to get over onto Butterfield Boulevard. The same concern would apply at the other end of town at Dunne Avenue.

Don Jensen reminded the Council that 20 years ago, when the downtown improvements were being completed, the consultants involved highly recommended that Monterey Road be one lane in each direction. He said that the emergency response agencies did not support the idea as Butterfield Boulevard did not exist at that time. However, it was stated that should Butterfield be completed, they would agree to review the response route. He said that the vitality of the downtown should be the message.

Leslie Miles expressed concern that the four traffic fatalities involving pedestrians were in the downtown area and were attributed to speeding. She felt that brain storming sessions were needed to provide a safe downtown.

Linda Ybarra, Morgan Hill Unified School District, Director of Transportation, stated that narrowing Monterey Road to one lane would be of multiple concerns for the School District. She said that Britton and Sobrato School are accessed via Monterey Road without going out of the way and crossing the railroad tracks twice. She noted that PA Walsh would require taking residential streets to access that elementary school. She indicated that traffic was backed up today and delayed the bus schedule by four minutes. She said that the added traffic and the delay associated with a narrowed road would be a concern. If there was an emergency, buses would be blocking the entire road. Therefore, fire trucks would not be able to get by school buses, not to mention parents trying to get their children to three schools. She felt that parents would be driving along residential streets if not able to use Monterey Road. She liked the idea of flashing lights at pedestrian crosswalks. She informed the Council that her concerns relate to both morning and afternoon bus travel times.

Mayor Kennedy noted that the schools are traveling during peak commute hours in the morning. He inquired whether the morning school start times could be changed.

Ms. Ybarra indicated that schools have staggered start times with some children being picked up as early as 6:30 a.m. because of the schedules associated with the two high schools. She stated that some schools do not start until 9:00 a.m. She indicated that the buses are filled at all times because of the three grade levels.

Brad Jones felt that if there was a larger busing system, it would tend to reduce traffic. He felt that traffic would be taken off the road if there were more buses.

It was noted that funding does not exist to pay for additional school buses.

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Sylvia Cook noted that the County bus transportation was not addressed. She did not know how reducing Monterey Road to one lane would impact the transit bus system.

Planning Manager Rowe said that narrowing the road to one lane would allow buses to move into existing bus turnouts and then work their way back into traffic. He stated that the existing bus stops would remain and then be used.

Ms. Cook inquired whether parking areas in the downtown would be restricted with the reduction in road lanes.

City Manager Tewes responded that there may be a potential to eliminate 1 or 2 parking spaces. He said that a merge lane may need to be longer than it is now. He clarified that staff was asked to analysis the feasibility of narrowing the road from a traffic impact stand point. Staff will be asking the Council for direction on how to proceed from this point, noting that to date, the variety of studies necessary to develop a plan have not been included.

Director of Public Works Ashcraft identified the location of the transit bus stops.

Leslie Miles stated that the original design contemplated Depot Street as a transit depot and not just a train depot.

Mayor Kennedy noted that there was an assumption that Depot would be closed based on the undergrounding of the crossing at Dunne Avenue. Therefore, Depot would not be closed until such time as the undergrounding occurs.

Mayor Pro Tempore Sellers said that the City is hopeful of receiving an MTC grant by the end of the year. If this grant is approved, this would be the opportunity to install the infrastructure to design the bus route. The City could look at Depot and add the improvements to reroute the bus system.

Dan Craig stated that he was disappointed that the scope of work did not include the utilization of Butterfield Boulevard. He felt that the success of the downtown would depend on the greater utilization of Butterfield Boulevard. He did not believe that signage was included to encourage commuters to utilize Butterfield Boulevard or to indicate that a reduced speed is ahead.

Ms. Bierstedt did not believe that signage alone would help. She said that commuters would try to find the shortest route, a route that would take the least amount of time to travel. An alternative would be to adjust the signal lights to operate in a negative fashion to slow traffic down. The City could improve the signal timing on Butterfield that would become the shortest route in terms of time travel.

Rocke Garcia indicated that he served on the Downtown Planning Committee and that he was supportive of the use of calming devices. However, he was opposed to reducing Monterey Road to one lane based on economics. He did not believe that discussions included the affect on businesses along Monterey Road should traffic be reduced by the one lane reduction. He felt that traffic is needed in the downtown to make businesses viable, agreeing that the downtown needs to be made safer.

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Brad Jones stated that he has had some experience in other communities with downtowns. He felt that the goal is making the downtown pedestrian friendly. He said that downtown merchants would like to get through traffic off Monterey Road. He felt that traffic calming measures would make a difference and allow fire safety personnel to get through the downtown. He said that individuals who work and live in the downtown are hoping that the downtown is made a destination instead of a thoroughfare; making the downtown a gathering place. He felt that it would be a good idea to make the downtown a special traffic zone, making it a triple fine zone as it would help pay to have an officer in the downtown on a regular basis. As far as speed humps and raising the road in any manner from one side of the street to the other, he felt that it would add to the flood problems in the downtown. The use of flashing signs may be affective, but would not create the ambiance desired for the downtown. He felt that the simplest thing to do in the area is to make it painful for those individuals who want to use Monterey Road as a thoroughfare and make it attractive and easy to move individuals who are making the downtown their destination. An issue for downtown merchants is wanting to gain sidewalk space in the downtown to provide a gathering space or to allow restaurants to create an outdoor dining area. He said that the issue is not solely about the traffic problem. He suggested that the Council take a look at taking space from the median or creating an inside lane to be used by non motorized vehicles and emergency vehicles only. An inside lane could be used by cyclist and as an escape route through the middle of town. He expressed concern with emergency vehicles achieving a high rate of speed in the downtown, as it is dangerous. He felt that out of the box thinking may result in solutions.

Sylvia Cook inquired whether little round speed bumps/wake bumps could be installed to warn individuals that they are coming to a reduced speed limit area as a traffic calming measure.

Ms. Bierstedt said that speed bumps or signage can be installed but their effectiveness is relatively minor.

Bob Eltgroth addressed the report as it relates to existing conditions. He felt that school buses should have been mentioned under the transit service section. Flooding of the downtown should have been mentioned as well. He stated that the use of speed dots is dangerous for cyclists. He stated that the crash collision rates are 3-4 times more dangerous for cyclists.

Planning Manager Rowe said that the Downtown Plan states that if the City is looking at narrowing lanes, it should be done on a trial basis. If no impacts, the City can move toward a permanent solution. Beyond this, there are a number of items that would factor into the decision to be made as far as the lane reduction, lane narrowing or other alternatives such as the costs associated with the alternatives. He stated that the Council allocated \$125,000, noting that the temporary narrowing of Monterey Road would exceed this amount. Staff would like to know whether the Council wants to remain on budget or whether it would like to augment the budget, looking at other funding sources. Does the Council want to explore feasible alternatives to address response times or explore alternative traffic routes? He informed the Council that VTA will comment once the environmental document is circulated. He stated that the increase/decrease of downtown parking would need to be studied. He said that these are considerations that will provide guidance to staff in terms of which alternative the Council wants to pursue. He stated that staff would investigate the different options based on Council direction.

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Mayor Kennedy felt that the underlying goal is to get thru traffic off of Monterey Road. He noted that the consultant shows an asphalt barrier as a temporary solution. He inquired whether markings such as delineators could be used for the roadway.

Ms. Bierstedt said that she was trying to provide something to protect the pedestrians. She said that bollards could be used. However, you do not want too many car doors hitting the bollards. She said that trees or plantings in planter boxes could be installed to act as a pedestrian barrier.

Council Member Tate said that in Arizona, everyone slows down to 15 mph when you reach a school zone. He felt that traffic needs to slow down at schools and in the downtown. He did not believe that reducing the speed limit to 10 mph in the downtown is a bad idea in order to achieve safety established by means of a fear factor. He would support extra officers in these areas for enforcement purposes, for a period of time, to make individuals aware of the reduced speed zones. He stated that he was previously willing to narrow Monterey Road as a temporary solution to see how it works, but is now concerned with emergency response time. He felt that there may be other solutions to achieve the goal to slow traffic down.

Mayor Kennedy inquired as to the next steps to take should the Council wish to pursue narrowing Monterey Road to one lane on a temporary basis.

Senior Planner Linder stated that the City could stay the course with the environmental document that it has at this time. Staff would return to the Council with specific designs and present options for accomplishing a temporary reduction in lanes.

Council Member Carr felt that the Council needs to spend some time to clearly define the goal(s). He understood that the Council is basing its discussion/decisions on the Downtown Update Task Force's work. He felt that a lot of individuals came to the workshop to discuss turning Monterey Road into one lane of traffic in each direction. He did not believe that this was the goal but one possible tactic to achieve the goal. He has heard suggestions about getting through traffic off Monterey Road. He was not sure if this was the goal but may be one of the ways to achieve a goal. He felt that the goal was about turning downtown into a more pedestrian friendly area. He indicated that there are many ways to accomplish this goal such as getting traffic off of Monterey Road. He was not sure if this was one of his higher priorities. He felt that the Council could be discussing other means of calming traffic that are not physical impediments that affect fire and police response times. He felt that lots of individuals assumed the reason to reduce Monterey Road to one lane was to bring the sidewalks out. He said that this may be a result of the different tactics. He said that bringing the sidewalks out may slow traffic down regardless of the number of lanes. It was his belief that the Council may be moving ahead too quickly in talking about whether or not to reduce Monterey Road to one lane each direction. If it is to turn the downtown into a more pedestrian friendly downtown, he felt that there were a lot of ways to do so. Perhaps, the installation of magnificent trees would create an affective pedestrian friendly atmosphere in the downtown. He recommended that thought be given to the median more than has been given this evening. The City could discuss how to better utilize the median space. He felt that elimination of the barrier may tend to slow traffic down. He understood that he was not providing staff with help or direction this evening because he felt that he was a step behind in not clearly defining the goal and the means to achieve the goal.

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Planning Manager Rowe said that there are two elements that the Downtown Plan is trying to accomplish: 1) reduce the physical distance and visual barrier of Monterey Road with regards to uses on either side; and 2) improve pedestrian traffic by slowing thru traffic in the downtown.

Mayor Kennedy felt that Council Member Carr raised a good point. It may be helpful for the Council to talk about general goals and interests. He stated that it would be his goal to make the downtown more pedestrian friendly, making the downtown a destination. A deterrent is high speed traffic cutting through the downtown. He felt that allowing street side dining would help create an atmosphere/environment of a viable/thriving downtown.

Mayor Pro Tempore Sellers said that he has tried to make the downtown a better place over the past 15 years. He did not believe that the goal should be to redirect traffic away from the downtown. He said that some of the rerouting of traffic will happen. He said that there may be a lot of individuals who drive through the downtown several times before stopping to patronize downtown businesses. He felt that the goal should be to slow traffic down to a reasonable speed and make the downtown pedestrian friendly. This would result in developing opportunities as seen with the Taste of Morgan Hill where individuals sit and feel that the downtown is a safe and comfortable environment. If this can be accomplished, everything else the City wants to see happen would follow. He noted that the Downtown Plan clearly itemized the specific items that the City should be looking at implementing. He recommended that the City look specifically at the traffic calming measures. He has giving a lot of thought to the lane reduction, initially thinking that it was a great idea. However, he is having serious concerns with this alternative for the following reasons: 1) it would create more problems than it solves in terms of bottling traffic and impeding emergency services; 2) individuals would stop going to the downtown, counter productive to the City's economic health in the long run; and 3) the City is looking at a few years and a lot of money. He stated that the use of the \$300,000 may only be used for 4-5 years. He said that the tables that were presented were attractive. He felt that with creative engineering the City could come up with alternatives such as utilizing pavement options. The City needs to take advantage of routing the VTA transit system through Depot Street. Eliminating the bus stop in front of Rosy's at the Beach would help make this restaurant an attractive option for dining out on the street. It would also make it a viable option for individuals utilizing the bus as they would have better access to the train. He supported the use of flashing lights in one location but not throughout the downtown. Not discussed was the use of an entry statement such as an archway indicating that you have entered the downtown area and that traffic needs to slow down. He felt that the City would be hard pressed to get individuals off of Monterey Road as they are trying to get to the schools or to access the freeway. He recommended that the Council explore a variety of options. He did not believe that it made sense to narrow Monterey Road to one lane at this point in time.

Mayor Kennedy inquired whether the City could increase the speed fines in front of schools and in the downtown areas.

Chief of Police Cumming stated that he would need to research Mayor Kennedy's question. He said that fines could be made higher. However, the funds collected from fines would go to the State and could not be used to hire additional police officers. However, this should not be used as a reason not to increase the fine as increased fines may create a potential for slowing down traffic in special zones.

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Mayor Kennedy said that he has noticed that several residents tend to ignore the reduced speed limits in front of schools and the downtown. He said that increasing fines may be an action that the Council may want to take in order to improve public safety. He inquired whether staff could spend some time looking at the various issues raised this evening and whether a follow up meeting could be held so that staff can return with further information. This would allow the Council to take actions on the next steps.

Planning Manager Rowe informed the Council that staff would be circulating the environmental documents that include the traffic section within the next two weeks. He said that staff would schedule a public hearing where staff would receive direction from the Council with respect to the traffic calming measures.

Mayor Kennedy stated that he would like to proceed with the circulation of the draft environmental impact report, keeping the option open of reducing/narrowing Monterey Road to one lane in each direction. The Council could make decisions after the public comment session of the environmental review process.

Council Member Carr noted that the environmental report specifically talks about narrowing Monterey Road to one lane in each direction. He agreed to keep this alternative as one of the range of options. If at the end of the process, the Council decides to proceed with an alternative or multitude of other options that it believes will be as or more effective, he inquired whether this would necessitate recirculation of the environmental document.

Planning Manager Rowe responded that should the Council wish to keep the Downtown Plan implementation and the adoption of the new higher density housing, staff recommends Council adoption of the negative declaration for this study. The Council could then provide staff direction to follow up with the environmental analysis and processing of a general plan amendment to address a lane reduction as a permanent solution. Staff would return with a workplan and a budget through the Fiscal Year 2005-06 budget process to address a permanent lane reduction.

Mayor Kennedy requested that the consultant not consider closing Depot but leaving it open as an alternative north/south route. He noted that the analysis did not include the impact of Butterfield by the fact that it is now open as an alternative route.

Council Member Tate noted that the Council is leaving the option of reducing Monterey Road to one lane in each direction. He did not know how all the issues raised would be addressed. He felt that a plan was needed in order to move ahead with this option.

Mayor Kennedy noted that the School District and the Fire Department raised concerns with reducing Monterey Road to one lane in each direction or slowing traffic down.

Mayor Pro Tempore Sellers stated that you cannot discount the fact that it would cost the City a lot of money for a temporary solution.

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Planning Manager Rowe said that it appears to be the consensus of the City Council: 1) to slow traffic down to a reasonable speed; 2) create opportunities for additional sidewalk areas; 3) look at other traffic calming measures while maintaining two travel lanes; 4) look at using Depot as a transit route, encouraging buses to take advantage of the train station as a bus station; 5) rerouting traffic off of Monterey Road (not clear consensus of this item based on economic impacts of diverting traffic); 6) Chief Cumming to investigate the feasibility of double fine zones through an ordinance; and 7) not eliminate the option of a lane reduction. Staff to return to the Council with an opportunity to provide final direction on the lane reduction option.

Council Member Carr requested that staff investigate the reduction of median width.

Mayor Kennedy stated that he would like to hear more from the School District and receive more information about there particular concerns.

Action: The City Council provided the above comments.

FUTURE COUNCIL-INITIATED AGENDA ITEMS

No items were identified.

ADJOURNMENT

There being no further business, Mayor Kennedy adjourned the meeting at 6:58 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK



CITY COUNCIL STAFF REPORT

MEETING DATE: October 27, 2004

MORGAN HILL LIBRARY ALTERNATE PROJECT DELIVERY MODEL

RECOMMENDED ACTION(S): 1) Receive Report 2) Authorize City staff to wait to proceed until results of State Library Bond has been received 3) If Council prefers the Multiple-Prime approach, authorize staff to prepare a RFQ for construction management services.

Agenda Ite Prepared I	
Sr. Project Approved	_
BAHS Dire	ctor

City Manager

EXECUTIVE SUMMARY:

In August Council directed the City Manager to analyze an alternate project management approach to deliver the new Morgan Hill Library. This alternative called multiple-prime offers more control to ensure a project remains on time and within budget. Multiple-prime is a process that allows a City to select a builder construction manager (CM) based on qualifications; make the CM a member of the design team; produce a more manageable, quality project; potentially save time and money; and reduce risk for the City. See Attachment A for more detail on multiple prime project delivery and its comparison to the traditional design/build/bid process used for the construction of public buildings.

In contrast to the traditional project concept in which the City is party to one prime contract for the construction of the entire project, in the multiple-prime process, the owner is party to numerous contracts, each for the performance of a particular trade or portion of the total project work (site work, building shell, interior). By dividing the project into less extensive or smaller segments, it opens the project to smaller contractors who may not have the resources to bid as a general contractor in a traditional delivery method. By increasing the number of bidders, the project owner increases competition and a potential cost savings in each segment. However there are some potential drawbacks to consider: 1) the administrative burden of managing many contracts for a single project 2) concern about third party liability in the event one prime trade contractor damages another and 3) the lack of a single, guaranteed bonded price for the total project, although the prime trade contractors are bonded.

The traditional project schedule is linear with each phase of the schedule being completed before the next begins. With multiple-prime it is possible to fast-track or start construction prior to the completion of the design. The CM develops the construction documents into a series of trade or bid packages; site work, foundation, building shell and interior. The site work can be bid and construction started without having detailed or specified the roofing or interior. The City awards separate contracts for complete phases of the work, and each prime is responsible for all that work within its phase. However the risk is that if we should change the design once construction started, we would incur additional costs for redesign and construction change orders. Attachment B contains a graphic comparison between a traditional and fast-track project schedule. If the City decides to fast-track the schedule, it would be necessary to re-negotiate the current architect's contract for the library.

The CM provides continuous on site supervision and project management thus eliminating a general contractor. Because there is no general contractor to apply a "second mark-up" on all materials and labor, pyramiding costs can be reduced. Staff believes the multiple-prime delivery method allows for flexibility, produces less risk, increases quality control and could save time and money. The next step is to prepare a Request for Qualifications/Proposal to select a CM firm for the Library. Please see Attachment C for a comparison of the traditional and multiple-prime benefits and drawbacks.

FISCAL IMPACT: No fiscal impact at this time. However, please refer to our recommendations regarding the Third Cycle of State Library Bond, see Attachment D.



REDEVELOPMENT AGENCY

MEETING DATE: October 27, 2004

FUNDING RECOMMENDATION & DRAFT OF NEW STRATEGIC VISION FOR LIBRARY PROJECT FROM LIBRARY COMMISSION & FRIENDS OF THE LIBRARY RESOLUTION

RECOMMENDED ACTIONS:

- A.) Receive Letter from Library Commission Requesting the following actions:
 - 1.) Allocate remaining \$1,289,147 in available RDA funds to construction of a new 28,000 sq. ft. library;
 - 2.) Place construction of new library at the highest priority of construction projects;
 - 3.) Direct staff to develop a detailed construction plan for the new library by December 31, 2004
- B.) Receive Presentation from Library Commission on Draft of New Strategic Vision for Library
- C.) Receive resolution from Friends of the Morgan Hill Library recommending that the library project move forward immediately

EXECUTIVE SUMMARY: A) On September 13, 2004 the Morgan Hill Library Commission approved recommending to the Redevelopment Agency Board a request to perform the following actions in regard to construction of the new Morgan Hill Public Library and the Library Commission has prepared the attached letter, signed by Commission Chair Chuck Dillmann, which provides detailed information on the basis of their recommendation. A brief summary is provided below:

- 1) Allocation of remaining funds the Library Commission recommends this action to the Agency Board in order to provide the maximum funding currently available towards the construction of the new library.
- 2) Construction of the library be placed at the highest priority based on the strong support for the construction of a the new library demonstrated by the residents of Morgan Hill, the Library Commission believes the library should be placed ahead of other City construction projects.
- 3) Direct staff to develop a detailed construction plan by December 31, 2004 the construction plan will provide an accurate assessment of the anticipated escalation in construction costs and will enable the Agency Board and staff to determine whether funds currently allocated are adequate or if additional funds may be required.

The Library Commission considered both the pending results of the Library Bond Act of 2000 grant awards and the recently signed Senate Bill 1161, the Library Bond Act of 2006, and recognizes these could potentially provide funds for new library construction. It is their opinion that Morgan Hill's chances to receive a grant award in Cycle III of the Library Bond Act of 2000 are relatively low compared to other cities, which do not have library facilities. SB1161 still requires voter passage and escalation in delayed construction costs may be detrimental to the project. The Commission continues to recommend moving the project forward with the funds currently allocated by the City.

- B) At the August 9, 2004 meeting, the Library Commission appointed a sub-committee to begin drafting a new strategic vision for the library. The Sub-Committee consisted of Commissioners, Library staff and Council Member Tate. The draft strategy encompasses the architectural design of the library, services and programs, interior design and ambience, operations, safety, collection and technology.
- C) Review resolution from the Friends of the Morgan Hill Library.

FISCAL IMPACT: Allocation of \$1,289,147 in funds transferred from other projects if request is granted.

Agenda Item # 13

Prepared By:

Management Analyst

Approved By:

Manager, Recreation & Community Services

Submitted By:

Executive Director



Agenda Item # 14
Submitted By:
BAHS Director
Approved By:
City Manager

REQUEST TO APPROVE THE ISSUANCE OF TAX-EXEMPT REVENUE BONDS BY THE INDEPENDENT CITIES LEASE FINANCE AUTHORITY (ICLFA) ON BEHALF OF MILLENNIUM HOUSING

RECOMMENDED ACTIONS:

- 1. Open/Close the Public Hearing
- 2. Adopt the resolution

EXECUTIVE SUMMARY: Millennium Housing, a nonprofit housing corporation, has requested the Independent Cities Lease Finance Authority (ICLFA) to issue \$12M in tax-exempt revenue bonds to acquire the Hacienda Mobile Home Park (Hacienda) located at 275 Burnett Avenue, Morgan Hill. ICFLA is a Joint Powers Authority which is an independent governmental entity which has as associate members numerous cities and counties, including Morgan Hill. Millennium Housing finances the purchase of mobile home parks with tax exempt bond financing, typically issued by the ICFLA. This financing structure provides the lowest cost of capital to Millennium Housing for this transaction.

The funds will be used for acquisition, reserves, capital improvements, underwriting costs, and the rental assistance fund. Millennium Housing is under contract with the park owner to purchase the park. The park residents and the City are supportive of this transaction because it eliminates uncertainty related to future rent increases and gives the park residents more say in the park's operations and management.

In order to initiate such financing with ICLFA, the City must: 1) conduct a public hearing and 2) approve the ICFLA issuance of indebtedness. Although the ICFLA will be the issuer of the taxexempt revenue obligations for Millennium Housing, the financing cannot proceed without the City of Morgan Hill's approval of the financing. The City does not assume any obligations or liabilities of ICFLA nor will the City bear any financial obligation or liability for any tax-exempt bonds to be issued by ICFLA.

At a future meeting, the Redevelopment Agency will consider a \$1.2M loan to Millennium Housing to help cover bond issuance costs and fund a majority of the rental assistance fund. In order to support the bond repayments, the residents will incur a large increase in rent. The Agency funding is needed to help "spread" the impact of the rental increase over a period of several years. The Agency's participation will also have specific requirements such as allowing the residents to purchase the park in the future from Millennium Housing.

FISCAL IMPACT: There is no fiscal impact to the City of Morgan Hill from this proposed financing.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING THE ISSUANCE OF MOBILE HOME PARK REVENUE BONDS BY THE INDEPENDENT CITIES LEASE FINANCE AUTHORITY FOR THE HACIENDA VALLEY MOBILE ESTATES

WHEREAS, the Independent Cities Lease Finance Authority (the "Authority") is authorized pursuant to the provisions of California Health and Safety Code Section 52100 and the terms of the Joint Powers Agreement Creating the Independent Cities Lease Finance Authority (the "Authority"), to issue revenue bonds in accordance with Chapter 8 of Part 5 of Division 31 of the California Health and Safety Code for the purpose of financing multifamily rental housing projects, including mobile home parks; and

WHEREAS, the City of Morgan Hill is joining the Authority as an associate member; and

WHEREAS, Millennium Housing of California, a California nonprofit corporation ("Millennium") has requested that the Authority issue mobilehome park revenue bonds in one or more series in an aggregate principal amount not to exceed \$13,000,000 (the "Authority Bonds") for the purpose of providing financing for the acquisition of a 166-unit mobile home park located at 275 Burnett Avenue, Morgan Hill, California, and known as Hacienda Valley Mobile Estates (the "Project"); and

WHEREAS, the Project will be owned by Millennium, or a successor, assign or affiliate thereof (the "Owner"); and

WHEREAS, the Authority Bonds will be qualified "private activity bonds" for purposes of the Internal Revenue Code of 1986 (the "Code"); and

WHEREAS, pursuant to Section 147(f) of the Code, the proposed issuance of private activity bonds is required to be approved by the "applicable elected representative" of the governmental unit having jurisdiction over the area in which the facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the Project is located in the City of Morgan Hill (the "City") and the members of the City Council (this "City Council") are the applicable elected representatives of the City; and

WHEREAS, there has been published, at least 14 days prior to the date hereof, in a newspaper of general circulation within the City, a notice that a public hearing regarding the proposed issuance of the Authority Bonds would be held on the date hereof; and

City of Morgan Hill Resolution No. Page 2

WHEREAS, such public hearing was conducted on said date by this City Council, at which time an opportunity was provided to interested parties to be heard with respect to the proposed issuance of the Authority Bonds and financing of the Project; and

WHEREAS, it is intended that this resolution shall constitute the approval of the proposed issuance of the Authority Bonds required by Section 147(f) of the Code;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill as follows:

Section 1. <u>Approval of Issuance of Authority Bonds</u>. This City Council hereby approves the issuance of the Authority Bonds by the Authority. It is the purpose and intent of this City Council that this resolution constitutes approval of the Authority Bonds for the purposes of Section 147(f) of the Code. This City Council further finds that, based on information provided by the Owner, the financing of the Project by the Authority will result in savings in the costs of the Bond financing.

Section 2. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held on the 27th Day of October, 2004 by the following vote.

AYES: COUNCIL MEMBERS: NOES: COUNCIL MEMBERS: ABSTAIN: COUNCIL MEMBERS: COUNCIL MEMBERS:

***** CERTIFICATION *****

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City Council at a Special Meeting held on October 27, 2004.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE:	
	IRMA TORREZ, City Clerk



DOWNTOWN AREA BUILDING ALLOTMENT

RECOMMENDED ACTION(S):

Council Discretion

EXECUTIVE SUMMARY: Staff is requesting City Council direction on whether to supplement the Residential Development Control System (RDCS) building allotment for the Downtown Area. Direction is also requested on whether to advance the filing deadline for the Downtown competition in 2005.

Agenda Item # 15
Prepared By:
Planning Manager
Submitted By:
City Manager

The City Council has reserved 55 building allocations in the upcoming RDCS competition for projects located specifically in the Downtown Area. Twenty allocations are also reserved for small vertical mixed use projects. Vertical mixed use is limited to areas zoned for mixed use, such at the CC-R district, which includes most of the Downtown Area. Between the two set-asides, Downtown Area (55 units) and Vertical Mixed Use (20 units); up to 75 building allocations are available for downtown projects.

Applications for three Downtown Area projects were filed for the upcoming RDCS competition. The three projects combined are requesting 40 building allocations. Given that up to 75 allocations are available for downtown projects, the three projects will receive a building allocation should each project receive a qualifying score in the RDCS evaluation. The building allocations are for Fiscal Years 2006-07 and FY 2007-08. Between 35 and 40 allocations will remain available in FY 2007-08 for a separate Downtown Area competition to be held next year.

In January, the Council is scheduled to adopt amendments to the General Plan to implement the Downtown Plan. The land use change in the Plan will create opportunities for new higher density residential and mixed use developments on sites such as the Sunsweet property on E. 3rd Street and the Flea Market property at Main and Butterfield. In response to the land use changes, additional Downtown Area projects will likely compete next year. Based on discussions with prospective applicants, staff anticipates the allotment request to be in the range of 160 to 200 building allocations. As noted above, 35 to 40 allocations would be available if the current downtown projects are successful.

To provide additional building allocations for downtown projects, the Council could supplement the building allotment by transferring allocations from one or more of the other competition set-aside categories in that fiscal year, or authorize next year's competition to extend into the following year (FY 2008-09). The attached memorandum addresses each of these options and provides background information on the available building allotment.

The filing deadline for next year's Downtown Area competition is September 1, 2005. The Council could establish an earlier filing date. Moving up the filing deadline does not accelerate the timing of when projects could begin, but could bring earlier certainty for property owners and project proponents. The earliest that new downtown projects would be eligible to apply would be after the Downtown Plan General Plan Amendments are approved by the City Council in January 2005.

FISCAL IMPACT: No budget adjustment required.



AQUATICS	CENTER	OPERATING	BUDGET	AND
SCHEDIII E				

Man	ager, Re	creation
Com	munity S	Services
Subi	mitted B	y:
Subi	mitted B	y:

Agenda Item # 16

Prepared By:

RECOMMENDED ACTION(S):

Approve the proposed year-round operating schedule for the aquatics center; approve increased fees as proposed; accept the projected budget for the remainder of FY04-05; and have staff return to Council in three months with a progress report regarding operational budget recovery.

EXECUTIVE SUMMARY:

The Aquatics Center opened on June 12 to greater than expected daily crowds, fully operational concessions, and a complement of programs and special events. Council's desire to provide the facility at an affordable rate for the entire community was achieved by the low daily attendance fees and a CBDG grant for busing and admissions for low-income youth.

We have been working on establishing a base budget with actual expenses and revenue numbers but have experienced invoicing delays, which resulted in a longer timeframe to determine how we compare in relation to our 100% operational cost recovery goals from our initial operating season. Our operating season was also shortened by at least two weeks due to construction at the beginning of the season.

We are presenting the operational budget that reflects actual results from FY03-04 and for July-September FY 04-05. Based on this information, we are making revenue and expenditure projections in order to achieve the 100% cost recovery goal of the center. In order to stay on track, some aggressive programming assumptions and revenue generating activities need to be implemented. If Council directs staff to close down operations of the center over the off-season (November-February) there will be a monthly cost of \$34,000 in order to provide operational maintenance so we can open on schedule next March but we would still meet our cost recovery goal by \$57,613 at the end of the fiscal year if other assumptions hold true. This basic "shut down" model retains one staff person and will not generate any program revenue or public access to the center. Instead, we propose an operational budget and schedule that reflects a FY04-05 revenue and expenditure analysis with 3.75 staff that would allow for limited programming and public access in the off-season, swim team facility use support, and preparation time for the new season beginning in March 2005.

We recommend that the operations of the center be scaled down to the three member staff team with the fourth member reassigned for a temporary time; the rate increases applied as recommended in the attached report; Council accept the budget projections for the remainder of FY04-05, and we provide an update in three months as to our progress in relation to the 100% cost recovery goals. If we determine at our monthly review that we are not meeting our monthly targets with no course adjustment available, we will then close down the facility until next season with one week's notice. The Council's Aquatics Subcommittee has reviewed these recommendations and concurs.

FISCAL IMPACT: The attached budget projection for the remainder of FY04-05 reflects a target of no operating deficit for FY04-05.



Memorandum Recreation & Community Services

Date: October 20, 2004

To: Mayor and City Council

City Manager Ed Tewes

From: Recreation & Community Services Division

Manager Spier, Supervisor Himelson, Analyst Balagso

Subject: Aquatics Operational Budget Report

INITIAL OPERATING SEASON

The Morgan Hill Aquatics Center was built on the operational premise that it maintains 100% cost recovery or is closed during off-season time periods. The Aquatics Center had a very successful initial operating season, June 12 through September 6, even though it opened two weeks later than scheduled due to construction. The Center surpassed daily attendance goals with average daily attendance for recreational and lap swimming at 905/day with high daily attendance of 1665 and low attendance of 281 for the operational season ending September 6. A greater impact to consider is the estimated daily average facility attendance including swim teams, swim meets, visitors, swim lessons and swim programs at 2,026. The center hosted three swim team meets of various levels and sizes, maintained full concession operations and established a retail base for swimmer's needs in order to achieve those numbers.

Based on positive revenue reports from the summer but with only estimated expense sheets, we recommended to the Council Aquatics Sub-Committee in late August to maintain operational hours through the month of October. The operating season had initially been planned to have the center closed after Labor Day and operationally turned over to the Aquatic Foundation for the off-season months. An agreement with the Aquatic Foundation has not been reached and we are working with each swim team individually on their facility use requests. Due to the public outcry to have the facility open for their use, and the unusually hot days extending through September and October, it was concluded that it was a reasonable choice to remain open. Unfortunately, our assumptions of public use were not met and as expenses become updated it became apparent that the cost factor to maintain recreational swim operations were not being met. This takes into consideration that some revenue generated later in the year will cover part of the operational expenses for the off-season months. The revenue generated later in the year however must also be sufficient to cover start up and operating costs for the remainder of the 04/05 fiscal season.

We have made course adjustments beginning in September with the local swim teams paying an increase in lane fees to \$600/month for September and October; revising recreational swim times to the eventual closing of that program for the season in October; and recruiting for off-season programs. During this time we coordinated with our first large-scale renter with the "Swim with the Stars" which was another successful endeavor. In October we noted that more adjustments

needed to be made and have reduced staffing levels and programs that have not met targets and have conducted an intense review of our utility, water, and pending construction items for possible operational savings.

REVENUE PROJECTIONS

We believe that it is important to the long-term financial success of the aquatics center and the desire of community members to strive for year-round operations. As actual expenses and revenues are compiled, a clearer picture can be established upon which to base year-round projections and programming. The community has embraced this new facility and based on this show of support we have proposed an aggressive programming plan, which, if met, will meet the city's goals of 100% cost recovery.

We have established a base budget and are able to demonstrate the operating costs of the center from a completely closed down maintenance status position to the recommended monthly program that allows the center to remain open for the off-season with limited programming and staff. The programming proposed to achieve the cost recovery goal is very aggressive and includes a variety of programming alternatives that have not been tested. However, based on the tremendous response from the public we feel it is reasonable to strive for these goals. Conversely, we want to point out that if these goals are not met it will make it difficult in April, May, and June to make course corrections and achieve full cost recovery by the end of the fiscal year. We will be monitoring on a monthly basis and if the assumptions are not met or the trend appears that will not be able to recover from deficit spending we will close the facility for the remainder of the season. This may require full-time staff being laid off for a specified time period until we need to begin preparations for the 2005 season, (February) which may result in new recruitment process if staff finds other opportunities. Once again, full closure still results in a monthly expense of \$34,000.

LESSONS LEARNED FROM SUMMER 2004

As stated earlier summer 2004 was a tremendous success as witnessed by the public's attendance. We also had the opportunity to learn many things from the first summer of operations and will assist us in operating in a more efficient manner in the future years. Some of the key items we will be addressing are as follows:

- Part-time staff costs can be reduced through adjustments in staffing levels. Adjustments can be made in the ticketing and concessions areas which may result in reduced staffing levels by as much as 20% through restructuring job duties. We will be working on adjusting program offerings based on baseline information we used from this summer by tracking our usage patterns. Further, we often found ourselves struggling to meet staffing demands because attendance at the facility was higher then anticipated. This reactionary approach sometimes meant that we are not as coordinated as we could have been when laying out our staffing plans. Planning in advance for the higher levels of attendance will allow us to better analyze staffing and find more ways to over lap positions and thus save more money.
- Based on feedback from our customers we will explore **new program**

ideas, which will contribute to increased revenue generation. During our off-season we will be applying our resources to the marketing, development, reconfiguration, and implementation of program ideas as well as redefining and remodeling programming from last year based on what we have learned from evaluations.

- We are researching methods to shorten wait times in our **concessions lines**. Concessions wait times were longer then desired by our patrons. The concessions area was only designed with 330 square feet. The average daily attendance we had at the facility was such that it taxed this small space and slowed down the speed of the lines. We realize that increasing the speed of the lines will generate increased revenue through both increased sales and customer retention. This is one of our major priorities prior to the start of next season. We will also explore shade options for over the line.
- We will be further analyzing our **prices** and making recommendations on proposed price increases for next year.
- In order to maintain a level of continuity with our daily users, we imposed a two-week notice for any closures, which resulted in the operations bearing some costs. We are now proposing a **one-week notice** so these decisions are not a drain on the budget, but with it come customer service issues.
- During our off season we will be reviewing all **policies and procedures** as well as programming and recommending changes to generate additional revenue, decrease costs, and better serve the public.
- We are reviewing **utility**, **water**, **and supply expenses** to make recommendations for operational or construction changes in order to achieve an improved rate or usage.
- We will review possible **capital expenses** that may have a substantial cost recovery impact.
- Review budget in March to determine if an increase from part-time **to full-time custodial** support can be achieved. The amount of daily use last summer exceeded the ability of the part-time custodian to maintain preferred cleanliness standards of the facility.
- **Survey** in the recent edition of City Connections should provide further customer input and suggestions.

During the off-season the remaining staff at the Center will be tasked with the following:

Recreation Supervisor:

- Work to develop new partnerships with organizations such as Gavilan College and the American Red Cross, which may lead to long-term off-season revenue generation as well as cost savings in the area of part-time staff.
- Manage overall facility operations
- Develop systems to more efficiently use part-time staff resources
- Work with building maintenance specialist and building department to create ongoing preventive maintenance program to include daily, weekly, quarterly, and semi annual and annual maintenance system.
- Institute programs in conjunction with cities safety manager to ensure compliance with all state and local ordinances and specifically with OSHA.
- Develop and research proposals for possible capital improvements to the center, if they decrease expenses and / or increase revenue.
- Work to develop facility wide marketing plan.
- Coordinate and monitor swim team uses of the center.

Recreation Coordinator:

- Work with recreation supervisor to review and adjust all facility policies and procedures.
- Directly active in programming: may include teaching water aerobics, swimming lessons, coaching masters, aquatic personal training, life guarding, etc
- Development and implement recruitment and hiring process for second year of operation for part-time temp staff to include evaluation of ARC, Nasco, and Ellis options.
- Supervise and schedule part-time temp staff and programs in order to meet monthly revenue goals.
- Development and implement new programming.
- Work with the Morgan Hill swim Club as the City's representative to coordinate upcoming national swim meet (Far Westerns) in February 2005.
- Develop off-season facility rentals and non-aquatic based facility uses
- Refine camp and birthday party package programs for next season
- Work to refine the concession ordering, scheduling and menu offerings
- Work to refine retail sales area and supplies

Building Maintenance Specialist:

- Responsible for ongoing and preventative maintenance operations
- Responsible for all areas of keeping the pools operational and meeting safety and health codes
- Trouble shoot mechanical problems
- Responsible for the custodial duties and staff of the center

If we assume the original intent of the facility was that it would stay open through Labor Day, then it is fact that the facility has achieved it's goal of 100% cost recovery for the first season of operation. The remaining question to be answered is what to do with the months of November through March. The assumption to this would be that based on the success of the first season of operation, revenue generated between November and June would be sufficient to bring the center close to a 100% cost recovery.

a. In order to meet our revenue projection some adjustments to aquatic center fees are required. These adjustments include an increase of \$2.00 per person for daily admissions; increase of \$10.00 per person for group swim lessons, and increase of \$5.00 per lesson for private lessons.

Daily Admission	Resident	Proposed New	Non-resident	Proposed New
		Fee		Fee
Youth/Teen/Adul	\$5	\$7	\$6	\$8
t				
Child & Senior	\$3	\$5	\$4	\$6
Infant with paid	Free	Free	Free	\$2
adult				

- b. Assume ability to fill program offerings in the winter and spring seasons. This seems reasonable based on the community response to the center during its first season of operation.
- c. Review starting pay wages of some of our part-time seasonal employees and adjust and adopt new rate schedule for next season.
- d. Swim teams will continue to support and pay the increase fee for off-season lane use of \$1,000 per lane for four months and water polo rate year-round will increase to \$40/hour.

CAPITAL IMPROVEMENTS AS REVENUE GENERATING IDEAS

We will continue to research opportunities to generate more revenue but may require some initial capital outlay. Recommendations will be presented to Council once the research and cost analysis is complete. Some ideas being considered:

- **Second Slide**: The second slide at the center will cost approx. \$100,000 resulting in an additional revenue return of \$40,000 per year.
- Vending Machines: would provide a second location for people to purchase drinks and snacks while allowing us to remove the sales of candy and chips from the concessions stand. There is less of a margin to be made in the sales of vending items but there would be greater customer retention and a decrease in staff costs. Estimates show that this approach would not only have the potential to reduce lines in the concessions area, but also to increase sales since people do not have to wait in line for small items. It is the strong opinion of staff that that the primary problem is both the size of the concessions area (only 330 square feet) and the tremendous success of the center. The optimal solution would be to increase the size of the concessions area. Since this is cost prohibitive at this time, the vending machines seem to be the most logical short-term fix. The estimated cost of the vending machines would be as follow: Drink machines are

free with the purchase of product, snack machines and a change machine would cost \$25,000 - \$30,000. There would be a definite cost recovery here in customer satisfaction and retention, but further analysis is required to determine a cost benefit regarding sales revenue.

- Chlorine Generation: Depending on which estimate you look at pool chlorine will cost the city between \$50,000 and \$105,000 per year. Trends so far show our actuals leaning strongly in the direction of the higher end. Installing a chlorine generation system would have a profound effect on the cost of chemicals for our pool. The actual cost per year to the city for chlorine generation would be about \$5000. The payback on the purchase of the generation system (which would last approximately 15 years) would be roughly 2.5 years. It increases safety at the facility and eliminates the need to store large quantities of chemicals on site and near the public. Further, the chlorine produced by this system will likely reduce the amount of acid and Co2 used by the facility by close to 70%, an additional potential savings of approx \$15,000 per year. During the time this facility was being designed, systems of this type were not readily available but are now. Staff is in the process of further investigating this option and will present a report for Council consideration. Of concern is the cost of the brand new system installed.
- Wind Generated Power (electricity) and Solar Heating (gas): Rough estimates show the cost of electric and gas to the aquatics center to be over \$200,000 per year. BAHS Project Manager is in the preliminary stages of researching wind and solar options for purposes of heating pool water and powering the aquatics facilities. Preliminary numbers show that the cost to install a system large enough to run the center would cost approx \$450,000 for both wind and solar. The system lasts 30 years and would be sufficient to almost eliminate the \$200,000per year expense. There is more research necessary but it initially appears an avenue worth pursuing.

The combined effect of the items addressed above may have a substantial effect on the cost recovery ability of the aquatics facility. We will be researching these options and bring back to Council a report listing our research and recommendations over the next four months if staff remain at the center.

TRACKING CHANGES IN PROGRESS

Staff is tracking the following items that will have an impact on the operating costs of the facility:

- Relays applied on heaters so heaters can be turned off and on for energy savings Construction item pending. This is a high priority so systems can be shut down for nighttime energy savings.
- Refund on sewer water usage bill as water was incorrectly metered. Second meter installed, will track and estimate previous usage for rebate.
- Pool covers for instructional and slide pools.
 Construction item pending receipt of the covers by vendor.
- Sprayground winterized.

 Turned off and drained of 15,000 gallons. Will fill and open with new full season.

 Completed.

STAFF RECOMMENDATIONS

- 1. Keep center operations open during the off-season (November-February).
- 2. Increase daily entrance fee by \$2 for each category, \$10 increase for group swim lessons, and \$5 increase for private lessons.
- 3. Increase water polo fee to \$40/hour year round.
- 4. Swim teams fee to increase to \$1,000 per lane during the off-season for four months.
- 5. As attendance should dictate usage, will close with one week's notice, not two.
- 6. Recreation & Community Services Manager will come back with a financial progress report in three months.
- 7. Aquatics Supervisor will complete a part-time staffing plan prior to the next operating season with proposed budget.
- 8. Plan less special events next full season.
- 9. Monitor budget goals to determine if a full-time custodian can be added to the budget prior to next operating season.
- 10. Tracking items listed above to be number one priority over the next four months.
- 11. Maintain staffing level at a minimum of three at the center over the next four months, continue programs and public pool use, and program according to revenue report.
- 12. If projections are not met or the trend appears to result in deficit operational spending with no recovery options, then the center will be closed down with one week's notice and all staff except one will be laid off.

ATTACHMENTS

- 1. Recommended Option -3.75 FTE (OAII assigned to CCC for 4 months)
- 2. Shut Down Option -1 FTE for 3 months
- 3. FY 03/04 Aquatics Center Expenditures, Revenue and Net Impact to General Fund